



**ENVIRONMENTAL, SOCIAL, AND
GOVERNANCE REPORT**

環境、社會及管治報告

2017

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ABOUT THIS REPORT

Every year since 2012, The Bank of East Asia, Limited ("BEA" or the "Bank") has published a standalone Corporate Social Responsibility ("CSR") Report to share timely, transparent, and comprehensive CSR information with a broad range of audiences. Our approach to reporting focuses on the sustainability topics that reflect the most significant impacts of our business, and the needs, interests, and expectations of our stakeholders.

While we will continue to use the term CSR in relation to our commitments to our many stakeholders and the environment, we have chosen to name our report for 2017 as our ESG Report to more broadly reflect our sustainability efforts and performance in three areas namely environmental, social, and governance ("ESG"). This report presents the activities and approach of BEA and its major Group members (collectively the "BEA Group" or the "Group") for the period from 1st January to 31st December, 2017. This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option, and complies with the provisions of the ESG Reporting Guide issued by Hong Kong Exchanges and Clearing Limited ("HKEX").

Unless otherwise stated, the information and data in this report cover the following Group members across their Hong Kong, Mainland China, and overseas operations:

The Bank of East Asia, Limited	www.hkbea.com
The Bank of East Asia (China) Limited ("BEA China")	www.hkbea.com.cn
BEA Life Limited ("BEA Life")	www.hkbea.com
Bank of East Asia (Trustees) Limited ("BEA Trustees")	www.hkbea.com
Blue Cross (Asia-Pacific) Insurance Limited ("Blue Cross")	www.bluecross.com.hk
East Asia Securities Company Limited ("East Asia Securities")	www.easecurities.com.hk
East Asia Futures Limited ("East Asia Futures")	www.eafutures.com.hk
East Asia Digital Information Services (Guangdong) Limited ("EADIS")	
Blue Care Medical Services Limited ("Blue Care")	
BEA Union Investment Management Limited ("BEA Union Investment")	www.bea-union-investment.com

Additional disclosures can be found in the Appendices, including details of our stakeholder engagement approach, materiality assessment process, memberships, charter commitments, awards, and key performance data. GRI and HKEX content indices are located at the end of the report. This report is available online at: www.hkbea.com.

We Welcome Your Feedback

We would be grateful if you would share your views on our CSR performance and report by contacting BEA's Corporate Communications Department at:

E-mail: CSR@hkbea.com

Mail: 19/F, 10 Des Voeux Road Central, Hong Kong

CSR AT A GLANCE

BEA was incorporated in Hong Kong in 1918 to meet the city's growing demand for a prudent and dependable banking partner that was attuned to Chinese business culture. Today, BEA is a leading Hong Kong financial services group with a vision to be the trusted and preferred banking partner in Greater China and

beyond. Our CSR strategy is an integral part of realising this corporate vision, in partnership with our customers, our colleagues, and our community. The following five core areas in our strategy show how our values shape our actions that lead towards BEA's CSR objectives:

Core areas	Our commitments	2017 highlights and key data
 <p>Growing Our Business Responsibly</p>	<p>Our role as a bank is to help our customers achieve their financial goals. It is our responsibility to act ethically, with integrity, and for the benefit of the society and our environment.</p>	 <p>as at 31st December, 2017</p> <ul style="list-style-type: none"> Total consolidated assets HK\$808,942 million Capital adequacy: total capital ratio 17.8% Total number of employees: 9,978  <p>Business activities</p> <ul style="list-style-type: none"> Headquartered in Hong Kong Serving customers in Hong Kong, Mainland China, Taiwan, Macau, Singapore, Malaysia, the United Kingdom ("UK"), and the United States ("US") Around 200 outlets worldwide and an extensive network across 44 cities in Mainland China Branch transformation in Hong Kong: 100% digital  <p>Outcomes</p> <ul style="list-style-type: none"> Operating income HK\$15,953 million Revenue HK\$17,201 million Economic value distributed HK\$12,654 million
 <p>Serving Our Customers</p>	<p>Customer focus is of utmost importance for the success of our business. We strive to build trust and confidence at all stages of our relationship with our customers by ensuring every customer experience is positive.</p>	
 <p>Developing Our People</p>	<p>The foundation of our business is our people and the Bank's core values that they are willing and proud to work and live by. We endeavour to nurture talent and foster employee well-being to attract and retain the best people.</p>	
 <p>Contributing to Our Community</p>	<p>Joining hands with our people, customers, and members of the business community and the community-at-large, we are committed to serving as a positive and enabling force in the markets where we operate.</p>	
 <p>Enhancing Our Environmental Performance</p>	<p>Our environmental efforts are focussed on energy, paper, and waste management. We work towards minimising the environmental footprint of our business operations and promote eco-conscious behaviour.</p>	

CHAIRMAN'S MESSAGE



Dr. the Hon. Sir David Li Kwok-po
Chairman & Chief Executive

I am pleased to present The Bank of East Asia's 2017 ESG Report, which describes our continued efforts to create value for our customers, our communities, our shareholders, and our people. This commitment has shaped our brand and sustained our growth for almost 100 years and, in this report, we present the achievements we have made and the challenges we face, as we strive to be a better business.

We have made significant progress in defining and meeting our CSR goals since we began voluntary reporting on our CSR initiatives in 2012. We have strengthened our governance, and clearly defined our position on material environmental and social issues through the introduction of a [CSR Policy](#), [Environmental Policy](#), [Slavery and Human Trafficking Statement](#), [Supplier Code of Conduct](#), and the establishment of an interdepartmental CSR Working Group.

This past year, we consolidated existing policies in two new initiatives. We issued an external [Whistleblowing Statement](#), informing members of the public how to report any irregularities in the Bank's business activities. In addition, we adopted an [Anti-Bribery and Corruption](#)

[Policy Statement](#) to underline the Bank's strong stance against bribery and corruption in any dealings with stakeholders and the public at large.

Leading up to the fifth anniversary of the launch of our first CSR Report, we conducted a comprehensive survey of stakeholders to determine how well we are meeting expectations. The results confirmed that we are managing and reporting on the issues of most concern to our stakeholders. We also identified several emerging issues, and we have strengthened our disclosure on these issues in this report.

The BEA Group operates in a highly dynamic and competitive landscape. By adopting and adhering to firm and lasting CSR principles, we move forward with confidence to meet the growing demands of the marketplace.

The digital revolution is transforming banking. Internet, mobile, and in-branch digital banking bring greater efficiency and convenience for customers. At the same time, these channels automate record-keeping, allowing banks to meet ever-tighter regulatory standards. As of the end of 2017, all of our branches in

Hong Kong had been converted to our award-winning digital branch model. The digital branch network not only allows us to use space more efficiently, initial data indicates that digital branches consume less energy and paper as well.

In October, for the third year in a row, we engaged nearly 500 people from diverse backgrounds to carry out a customer experience survey. We were pleased to discover that, for most of our customers, CSR performance is among the factors considered when choosing a bank. This highlights the vital importance of integrating CSR initiatives into our daily activities, and in communicating our CSR efforts to our customers.

Our values and purpose attract talented people to work for the Bank. As we prepare to embark on our second century, we have taken the opportunity to reflect on our past successes, and develop a new Mission Statement that aligns the Group's vision, mission and core values with our long-term strategic goals.

While the language has changed, the essence of our corporate values remains unchanged; we strive for excellence, commitment, integrity, customer focus, teamwork and innovation. We continue to provide a supportive, family-friendly environment and ensure that our people know that they are valued. In turn, we aim to inspire our employees to volunteer their time and skills in service of community causes. On this note, I am particularly proud that our staff collectively volunteered 25,000 hours to community service in 2017.

The Group remains committed to supporting the communities in which we live and work. The Bank of East

Asia Charitable Foundation ("BEA Foundation") in Hong Kong and the Shanghai Soong Ching Ling Foundation — BEA Charity Fund ("BEA Charity Fund") on the Mainland support initiatives that address pressing societal needs. In Hong Kong, we renewed our support for the Palliative Care in Residential Care Homes for the Elderly Programme that we established in 2010 together with "la Caixa" Foundation and The Salvation Army Hong Kong and Macau Command ("The Salvation Army"). By the end of December 2017, the programme comprised 13 care homes and had benefited more than 200 elderly residents.

In 2018, we will celebrate our centenary by identifying and supporting other community investment initiatives in Hong Kong, and we look forward to establishing closer ties with an even-wider cross-section of our local community. In particular, we will initiate new programmes for youth.

On the environmental front, we continue to focus on reducing energy consumption and paper waste. Through effective facilities management and the introduction of more energy-efficient equipment we reduced our electricity consumption across the Group by 1,509,366 kWh in 2017. We are on target to move 90% of our credit card customers to e-statement service by mid-2018, with 77% of customers receiving e-statements as of 31st December, 2017. This has helped us to save 119 tonnes of paper, which is equivalent to more than 7,100 trees.

To our customers, employees, directors, investors and business partners, I thank you for your support over the years and encourage you to share your feedback with us so that we can better understand your expectations and become an even better, more responsible business.

OUR VISION

To be the trusted and preferred banking partner in Greater China and beyond.

OUR MISSION

To ensure every customer experience is positive. We achieve this by providing best in class financial products and services.

OUR CORE VALUES



EXCELLENCE
追求卓越



COMMITMENT
長期承諾



INTEGRITY
誠信正直



CUSTOMER FOCUS
以客為尊



TEAMWORK
團隊協作



INNOVATION
勇於創新

OUR APPROACH TO CSR

CSR is managed through a governance structure across all levels of the organisation. Ultimate responsibility for CSR rests with BEA's Board of Directors and Senior Management.

Responsible party		Main responsibilities
Board	All Directors of the Bank including three Executive Directors, eight Non-executive Directors, and six Independent Non-executive Directors ("INEDs")	The Board provides, inter alia, strategic guidance on the Group's CSR approach, reporting, and major charitable donations.
Audit Committee	INEDs with one serving as Chairman	The Audit Committee reviews the CSR Policy annually or as required and makes recommendations to the Board.
Senior Management	Chief Executive, Executive Directors, Deputy Chief Executives ("DCEs")	The Senior Management advocates CSR at the Group level and reviews CSR-related policies, stakeholder feedback, and the annual ESG report.
Division and Departments	Head of Human Resources & Corporate Communications Division ("Head of HR & CCD")	The Head of HR & CCD supervises BEA's CSR programme and policies, and reports directly to the Senior Management. The Head of HR & CCD is also a Director of the BEA Foundation.
	Corporate Communications Department ("CCD")	Under the Head of HR & CCD, CCD convenes the CSR Working Group and executes the CSR initiatives of the Bank. CCD is also responsible for communicating CSR-related information internally and externally, and for the production of the Group's annual ESG Report.
	Human Resources Department ("HRD")	HRD manages the Staff Relations Team and the Staff Sports & Recreation Club ("SSRC").
Cross-functional	CSR Working Group	Chaired by the Head of HR & CCD, the CSR Working Group is comprised of representatives of the Bank's divisions as well as major Group members, and is responsible for the development and execution of CSR initiatives.
	BEA Volunteer Team Committee	Chaired by an elected staff member, the BEA Volunteer Team Committee comprises active members of the BEA Volunteer Team.

The BEA Foundation in Hong Kong and the BEA Charity Fund on the Mainland support the Group's major community investment initiatives in Greater China.

The table below outlines the major Policies, Statements, and Codes that form the basis on which we strive to run our businesses responsibly:

CSR Policy

- Sets out the strategic approach to CSR and environmental and social commitments of the Group

Environmental Policy

- Establishes the Group's environmental management strategies and objectives
- Adheres to the United Nations Environment Programme Statement of Commitment by Financial Institutions on Sustainable Development

Supplier Code of Conduct

- Outlines the Group's requirements and expectations for the social and environmental performance of suppliers
- Aligned with the values and principles of the UN Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organisation

Slavery and Human Trafficking Statement

- Represents our pledge not to knowingly support or conduct business with organisations involved in modern slavery

Materiality assessment

To identify priority sustainability topics to be covered in this report, we appointed an independent third party to conduct a materiality assessment that engaged with our internal and external stakeholders. Two surveys were carried out that asked respondents to rate the importance of 28 sustainability topics from a stakeholder or a business perspective. We presented the results to the Senior Management who validated the final list of material issues (as captured in the [materiality matrix](#)).

As part of the materiality assessment process, we also conducted focus groups and interviews to better understand stakeholder perceptions and concerns regarding the Group's material topics and CSR performance in general. Since we engaged front-line staff in 2016, we chose to engage back-office staff of the Group in 2017, as well as representatives from other stakeholder groups namely suppliers, community partners, academia, and customers.

Materiality matrix

Results from the materiality assessment in 2017 are generally consistent with the 2013 results, and we continue to report on the list of material topics as in previous CSR Reports. Considering the emerging sustainability topics that will become important in the next three to five years, we have strengthened relevant disclosures in this report and will strive to enhance our performance in these areas in the near future.

To further integrate the material topics into our CSR strategy, we mapped the topics in our materiality matrix according to the five core areas:

	Growing Our Business Responsibly	Serving Our Customers	Developing Our People	Contributing to Our Community	Enhancing Our Environmental Performance
15 topics that are important and a high priority	<ul style="list-style-type: none"> • General compliance with laws and regulations • Anti-corruption • Economic value generated and distributed 	<ul style="list-style-type: none"> • Customer data privacy • Fair design and marketing of products and services • Customer feedback channels 	<ul style="list-style-type: none"> • Employee benefits and turnover • Employee/management communication • Training and career development • Occupational health and safety • Equal opportunities 	<ul style="list-style-type: none"> • Contribution to the community • Non-discrimination among community members 	<ul style="list-style-type: none"> • Energy consumption • Paper consumption and waste
6 topics that will become increasingly important in the next 3 to 5 years	<ul style="list-style-type: none"> • Sustainable procurement • Integrating ESG considerations into risk assessment and business decisions • Responsible finance 	<ul style="list-style-type: none"> • Promoting financial literacy 	<ul style="list-style-type: none"> • Succession planning 	<ul style="list-style-type: none"> • Promoting financial inclusion 	

For details of our materiality assessment process and our responses to stakeholders, please refer to the [Materiality Assessment](#) and [Stakeholder Engagement Process and Results](#) sections in the Appendices.

GROWING OUR BUSINESS RESPONSIBLY

As a bank, we recognise that our responsibilities to the environment, the local community, and the wider society extend beyond our product and service offering, and involve every decision we make when selecting or engaging with customers, borrowers, and suppliers. As part of our commitment to sustainability, we believe in the positive influence that we, as a responsible business, can bring to those who also share our values.

Why it matters

Our commitment to responsible business practices is imperative to maintaining our reputation and building trust from our customers, suppliers, and other stakeholders.

Management approach

Upholding the highest standards of professionalism and integrity in every aspect of our operations goes beyond compliance.

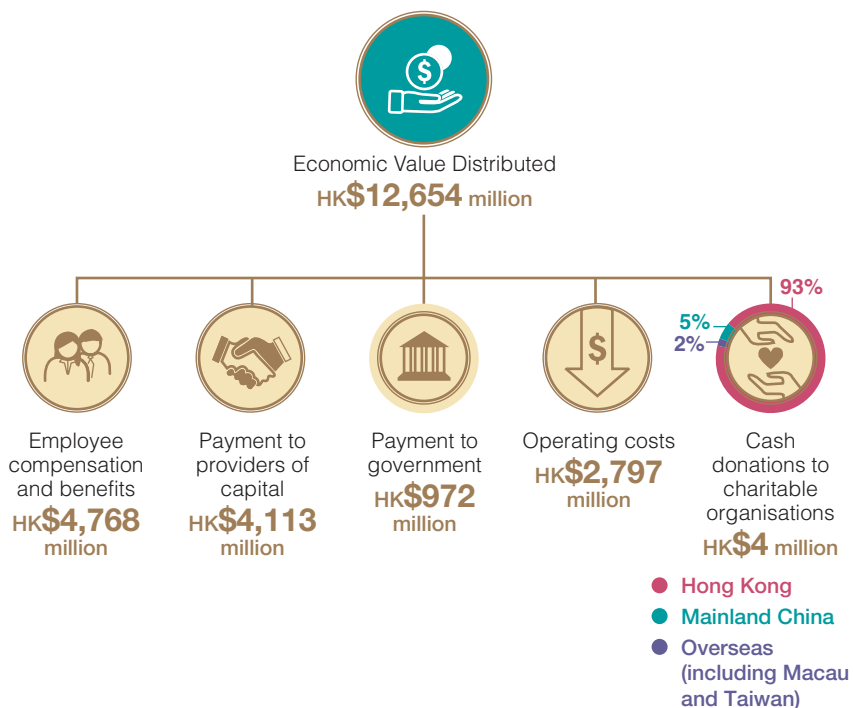
We endeavour to:

Establish a sound foundation of governance

At BEA, we believe that the foundation of business success is good corporate governance and integrity, with every one of our employees dedicated to maintaining the highest standards of business conduct. It is also how we safeguard and balance the long-term interests of all our stakeholders.

The Group has established a robust governance structure that is led by the Board of Directors and Senior Management, and built on an effective risk governance and management framework in line with the requirements set out by the Hong Kong Monetary Authority and other regulators. We have zero tolerance for corruption, money laundering, and financing groups linked to terrorism, and have clearly communicated our relevant policies to all staff members, which is reinforced by refresher training arranged periodically across the Group.

For more information, please see the [Appendices](#) in this report and our [Annual Report 2017](#).



Embed responsible finance practices into our business

We at BEA are aware that our decisions to finance companies and projects have indirect social and environmental impacts. We therefore enhanced our lending policies in 2017 to ensure that we screen for ESG risks and conduct due diligence before offering business loans exceeding HK\$50 million. In such cases, business units are required to complete a checklist that accompanies the credit proposal, which determines whether the business is in an industry deemed environmentally sensitive (e.g. agriculture, energy, mining, etc.) as well as the potential environmental and social impacts the projects would have as a result of financing from our Bank. These include changes to the natural or cultural environment, impacts on the local community, and so forth. In cases where the ESG risk is high, the case is escalated to the Approval Centre under the Bank's Credit Committee for further review.

BEA China upholds the principle of green investment to support more environmentally responsible businesses. A Green Credit Management Policy was established in 2015 in accordance with the Green Credit Guidelines of the China Banking Regulatory Commission that sets out the mechanism and processes for clients' rating, credit approval, portfolio management, and exit decisions based on environmental considerations. For investments with positive environmental impacts such as in energy efficiency and clean energy development, loans will be offered with preferential terms, as appropriate.

Promote a sustainable supply chain

We strive to drive improved ESG performance among the companies in our supply chain. Our Supplier Code of Conduct, launched in late 2016, covers the requirements that our suppliers must satisfy in the following areas:

- Social and Ethical Standards of Conduct
- Conditions of Employment
- Environmental Protection
- Community Investment and Relations

We expect our suppliers to adhere to the highest

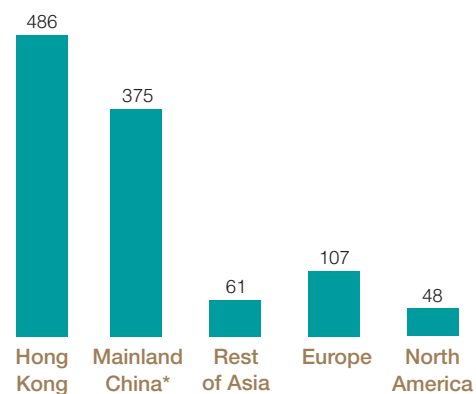
standards of social conduct, abide by all relevant local and national environmental legislation, and demonstrate continued improvement in their overall sustainability performance.

2017 performance

- In our continuing effort to enhance transparency, we issued a number of statements in 2017 that are based on internal policies and are accessible via our website. These include:
 - a Whistleblowing Statement that enables external stakeholders to confidentially and anonymously report concerns to the Bank without fear of retaliation, and
 - an Anti-bribery and Corruption Policy Statement that states what our employees are expected to adhere to.
- In 2017, BEA China offered priority application and review to enterprises whose products and services helped to conserve energy or protect the environment. This included companies in renewable energy, air pollution control, sewage treatment, and more.
- Our procurement process is not a centralised function at the Group level, which makes supply chain management more challenging. In 2017, we worked with departments and subsidiaries that make their own procurement decisions to gather supplier information, an important step forward in mapping our suppliers and understanding sustainability risks in our supply chain.

THE GROUP'S NUMBER OF SUPPLIERS BY THEIR GEOGRAPHICAL LOCATION

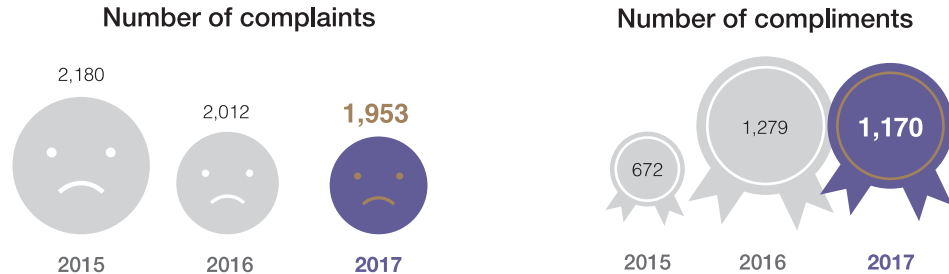
(value of procurement: HK\$50,000 or above)



* For BEA China's Head Office in Shanghai only

SERVING OUR CUSTOMERS

GROUP CUSTOMER SERVICE FEEDBACK



For nearly 100 years, customer focus has been one of our Group's core values. In an ever more connected world, we have embraced technology and connected our clients to their finances in innovative ways that continually improve the customer experience. In recent times, we have developed digital services that position BEA as the preferred partner for individuals and organisations in Greater China and around the globe. Whether banking at home or abroad, in person, online, or at an i-Financial Centre, we are committed to ensuring positive customer experiences through fair, convenient, and secure banking services.

Meeting diverse customer needs

Why it matters

Our competitiveness depends on our ability to ensure that our products and services remain useful and convenient for all our customers and potential customers, and respond to their changing preferences and needs. Providing solutions for individuals and organisations with diverse needs enables BEA to serve a large customer base and promote more inclusive financial services.

Management approach

We are making significant investments to enhance the customer experience through research and monitoring our customer interactions and feedback. We signed the Treat Customers Fairly Charter launched in 2013 by the Hong Kong Monetary Authority.

Senior citizens and people with disabilities

BEA maintains an extensive network of branches where customers can interact with our staff and conduct banking transactions. To make banking simple, fast, and easy for our customers, our branches are equipped with specially designed teller counters and ATMs to support customers needing wheelchair access, or visual or auditory support.

Our commitment to seniors:

- preferential interest rates
- service charge concessions
- fee waivers¹
- Hong Kong Mortgage Corporation ("HKMC") Reverse Mortgage Programme
- FastCash Card abridged banking service
- service ambassadors stationed at digital branches help to guide customers through the services

Customers in remote areas

We recognise that when choosing a bank, the convenience of its location is an important factor. While increasing numbers of transactions are performed online, we want to ensure that our customers have access to our services in places local to them.

Our commitment to customers in remote areas:

- extended operating hours through i-Teller virtual counter services
- enhanced banking services through multi-function ATMs
- customer needs and development in remote communities will be monitored on an ongoing basis and service arrangements will be adjusted as appropriate

Local business

We offer a range of services aimed at supporting small and medium enterprises ("SMEs") in their pursuit of new markets, product line expansion, and business development.

In coordination with the HKMC, we provide commercial loan products to SMEs via the SME Financing Guarantee Scheme. In addition, we offer tailor-made financial solutions via the SME Loan Guarantee Scheme supported by the Hong Kong Government and we provide our P2M (Person to Merchant) payment platform.

This year, we laid the groundwork for brand-new digital banking services in Hong Kong. Targeted for launch in the second half of 2018, the i-Payment Hub will be the first integrated payment platform for merchant and personal customers, enabling BEA merchant customers to consolidate most offline and online payments they receive using a single platform. Merchant customers can expect reduced operation costs and enhanced cash management.

Microfinance

Our microfinance programmes combine our social values with a viable business strategy. We support our customers in reaching their goals through our continued participation in the HKMC Microfinance Scheme.

Through better access to capital, our customers have:

- become business owners;
- made the transition to self-employment; and
- invested in their careers.

Non-governmental organisations ("NGOs")

We recognise the importance of charitable donations reaching their targeted beneficiary. Our Online Donation Services, developed in collaboration with the Hong Kong Council of Social Services ("HKCSS"), have proven to be a highly efficient and low-cost way for NGOs to collect payments from websites using the Bank's payment gateway. In addition, we offer a special package of banking and insurance services for NGOs and their employees.

¹ Recipients under the Comprehensive Social Security Assistance Scheme/Social Security Allowance Scheme

Young affluent customers

We recognise the need for convenient banking services that support the lifestyles of our young affluent customers characterised by high mobile phone use. As a bank that is keen to embrace technology to enhance user experience, we regularly update the BEA Mobile app. The app offers instant shopping and secure banking services including i-P2P money transfer, allowing payments to any registered user with just a phone number. The i-Spend feature provides instant credit card account overview, encouraging responsible money habits.

Private banking clients

At the beginning of the year, BEA rolled out its iPortfolio Analyser, a highly secure mobile app developed in collaboration with IBM, which allows relationship managers to access and present financial information for client meetings at any location. Since the launch, BEA has received positive feedback from customers and staff members while reducing the amount of paper used during client meetings.

BEA's digital branch network heralds a new age of banking

In our Group's 2017 Annual Report, Dr. David K.P. Li stated that the development of digital, mobile, and Fintech solutions is a priority for our Bank. By the end of the year, BEA had become the first bank in Hong Kong to fully digitalise its branch network, replacing physical counters of traditional branches with sleek i-Counters that enable branch staff to provide a wider range of services onscreen. These digital branches are providing a wide range of benefits including:

Greater customer satisfaction

- Data from our Customer Experience Research study in 2017 reveals a 5 percentage point increase in customer satisfaction with our digital branches vs. traditional branches. In addition, the introduction of multi-function ATMs and a richer electronic banking offering have helped us reduce transaction and queue times for our customers.

Increased sales

- The digital branch environment has enabled BEA to achieve double digit growth in the number of new customers in the professional and young affluent segments. Furthermore, fee income generated per sales representative at our digital branches increased by more than 30% year on year compared to levels at our traditional branches.

Better environmental performance & lower operating costs

- Reviewing the aggregate performance of a group of five randomly selected branches across Hong Kong before and after digitalisation has revealed an average reduction in paper consumption per branch of 40%, year on year. Completing customer transactions and account-related affairs via the i-Counter enabled BEA to issue fewer hardcopy statements, forms, and vouchers, and to generate fewer computer laser print-outs.
- While digitalisation suggests a reliance on electricity, the five branches also used an average of 0.77% less electricity during the same period thanks to the installation of more energy-efficient equipment. Furthermore, we expect energy consumption across all of our branches to decrease even further following our replacement of all remaining split type air-conditioning units with a more energy-efficient variable refrigerant volume ("VRV") system by 2019.

As we gain more experience operating a digital branch network, we expect to identify more opportunities to improve our overall performance. Nevertheless, initial results indicate that sustainability makes business sense.

Customer Service Excellence

Why it matters

Customers expect financial services to be fast, seamless, and secure. We strive to ensure that every customer experience is positive, regardless of whether transactions are taking place online, by phone, or in person at our branches. Customer feedback is not only valued, it is integral to meeting expectations and cultivating customer trust.

Management approach

In 2017, we maintained various channels by which customers can communicate their needs, concerns, and suggestions with us. To ensure quality service delivery and enhance the customer experience, we strive to:

Meet customer expectations

BEA's customers can submit claims, make complaints, and lodge enquiries through various channels. These include the customer suggestion form available at every branch, the enquiry e-form, which can be accessed via the Bank's homepage, and dedicated customer service hotlines. We continually review customer experiences to enhance our service quality, and address all complaints in a timely manner.

Building on research conducted in 2016, this year we engaged an independent firm to carry out the Customer Experience Survey 2017, which involved interviews with nearly 500 existing and prospective customers. The report gauged performance in key areas and generated insights for strategy development to enable us to continue to deliver customer service excellence. Major findings included:

	Digital Branch %	Traditional Branch %
Overall satisfaction	68	63
Branch environment	75	60
Service efficiency	47	37
Queue time	36	33

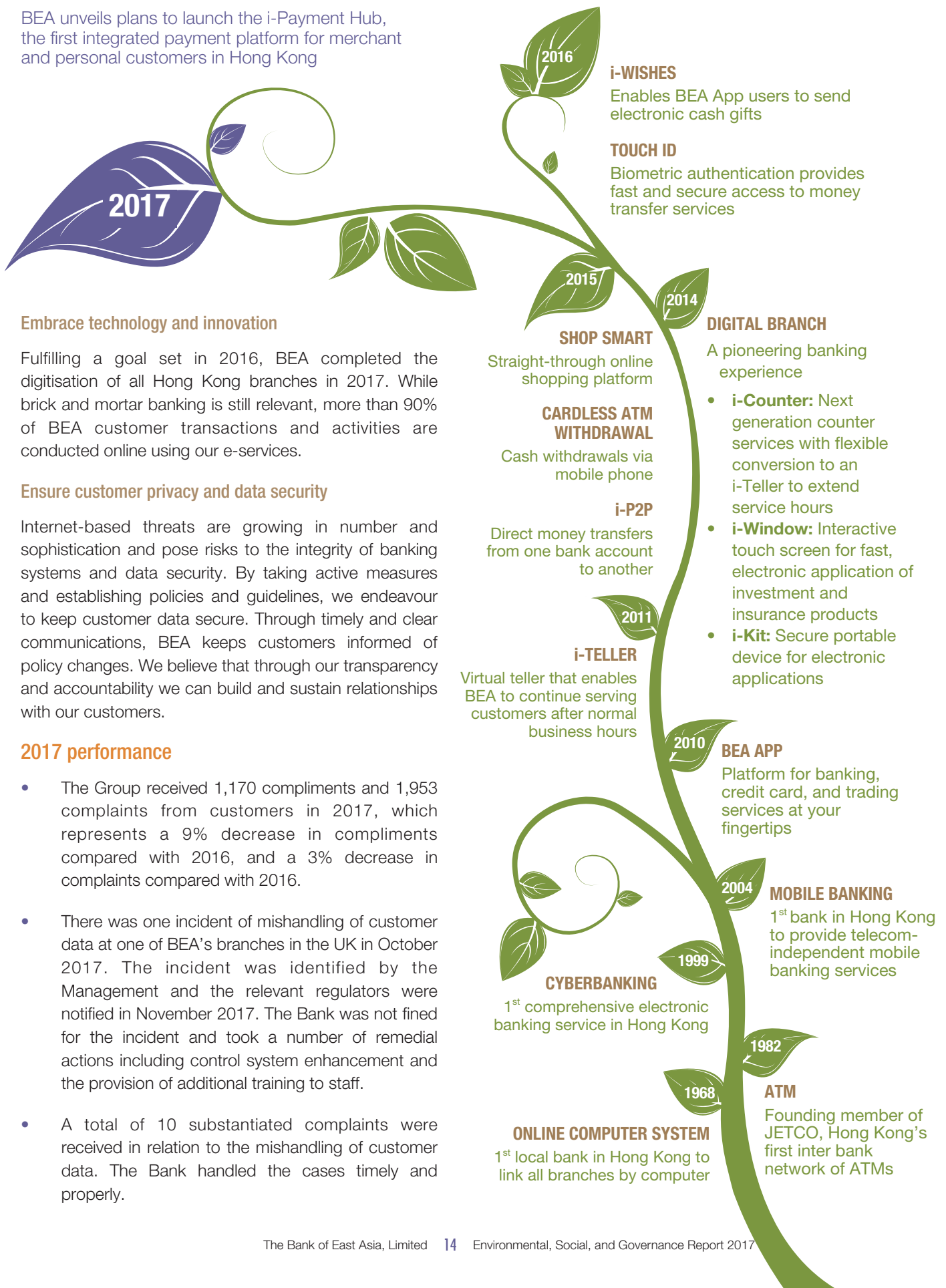
Source: Ipsos

To enhance customer satisfaction with regard to the length of time spent in queue, the Bank is exploring ways to further improve counter efficiency to reduce the time required to complete customer transactions and activities.



During the year under review, BEA unveiled plans to introduce the next generation of BEA App in early 2018 featuring the i-Planner, which will provide customers with personalised services and offers.

BEA unveils plans to launch the i-Payment Hub, the first integrated payment platform for merchant and personal customers in Hong Kong



Embrace technology and innovation

Fulfilling a goal set in 2016, BEA completed the digitisation of all Hong Kong branches in 2017. While brick and mortar banking is still relevant, more than 90% of BEA customer transactions and activities are conducted online using our e-services.

Ensure customer privacy and data security

Internet-based threats are growing in number and sophistication and pose risks to the integrity of banking systems and data security. By taking active measures and establishing policies and guidelines, we endeavour to keep customer data secure. Through timely and clear communications, BEA keeps customers informed of policy changes. We believe that through our transparency and accountability we can build and sustain relationships with our customers.

2017 performance

- The Group received 1,170 compliments and 1,953 complaints from customers in 2017, which represents a 9% decrease in compliments compared with 2016, and a 3% decrease in complaints compared with 2016.
- There was one incident of mishandling of customer data at one of BEA's branches in the UK in October 2017. The incident was identified by the Management and the relevant regulators were notified in November 2017. The Bank was not fined for the incident and took a number of remedial actions including control system enhancement and the provision of additional training to staff.
- A total of 10 substantiated complaints were received in relation to the mishandling of customer data. The Bank handled the cases timely and properly.

2016
i-WISHES
 Enables BEA App users to send electronic cash gifts

TOUCH ID
 Biometric authentication provides fast and secure access to money transfer services

2015
SHOP SMART
 Straight-through online shopping platform

CARDLESS ATM WITHDRAWAL
 Cash withdrawals via mobile phone

i-P2P
 Direct money transfers from one bank account to another

2014
DIGITAL BRANCH
 A pioneering banking experience

- i-Counter:** Next generation counter services with flexible conversion to an i-Teller to extend service hours
- i-Window:** Interactive touch screen for fast, electronic application of investment and insurance products
- i-Kit:** Secure portable device for electronic applications

2011
i-TELLER
 Virtual teller that enables BEA to continue serving customers after normal business hours

2010
BEA APP
 Platform for banking, credit card, and trading services at your fingertips

2004
MOBILE BANKING
 1st bank in Hong Kong to provide telecom-independent mobile banking services

1999
CYBERBANKING
 1st comprehensive electronic banking service in Hong Kong

1982
ATM
 Founding member of JETCO, Hong Kong's first inter bank network of ATMs

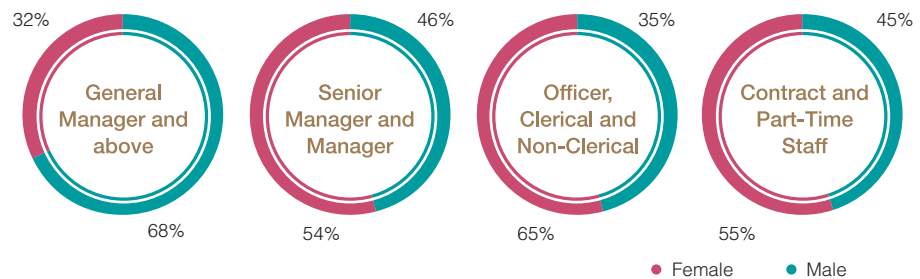
1968
ONLINE COMPUTER SYSTEM
 1st local bank in Hong Kong to link all branches by computer

DEVELOPING OUR PEOPLE

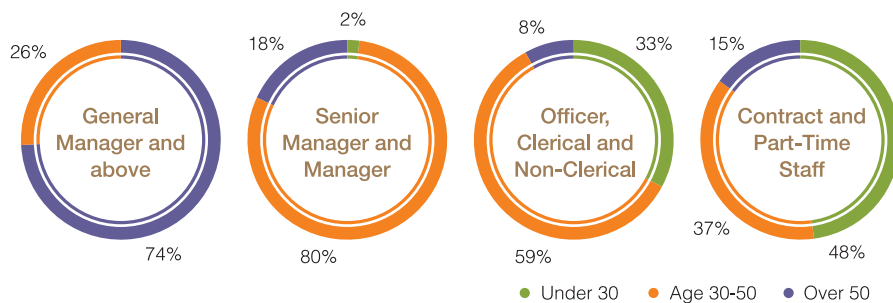
Our people are ambassadors of our brand. If they are happy, they will deliver a positive experience for our customers. We invest in building a workplace where employees feel engaged, valued and motivated. We provide clear career paths and development opportunities that enable people to grow within the company.

- ▶ **9,978 employees** at the Group as at 31st December, 2017
- ▶ **Over HK\$15.7 million** invested in training and development
- ▶ **10.3 years** of service on average for BEA Group employees
- ▶ **HK\$4,768 million** spent on employee compensation and benefits

EMPLOYEES BY GENDER



EMPLOYEES BY AGE GROUP



Recruiting and retaining the right people

Why it matters

We need to recruit and retain smart, capable people to help the BEA Group progress further, faster and to ensure we remain competitive.

Management approach

To attract the best candidates, we provide competitive salaries and comprehensive benefits packages that include medical and life insurance, paid leave, retirement plans, and preferential rates on deposits, loans, and overdraft facilities. We track voluntary turnover and conduct exit interviews to monitor our performance.

2017 performance

Having experienced high turnover in 2016 for full-time staff members below the age of 30, we holistically reviewed our employee retention initiatives. Through strategies focussing on increased staff engagement, particularly for new hires, and benefits such as flexible work arrangements, opportunities for advancement, good work place relationships, and a positive work environment, we show our commitment to our staff, and in turn foster loyalty and commitment among our employees. In 2017, turnover among full-time employees for the Group was 21%, while turnover among full-time staff members below the age of 30 decreased by 3% year on year, at the Group's Hong Kong offices. Turnover is a persistent challenge in the local banking industry and BEA will continue to implement its strategies to further reduce turnover.

To support the career choices of young people in Hong Kong, Mainland China, and the UK, BEA offered students the opportunity to gain first-hand experience of the financial industry through workshops and internships.

Investing in training and development

Why it matters

We must equip our people with the necessary skills and knowledge to perform their jobs well and in compliance with all applicable regulations. Investing in people development not only helps us to provide better services, it also enables continual growth of our employees.

Management approach

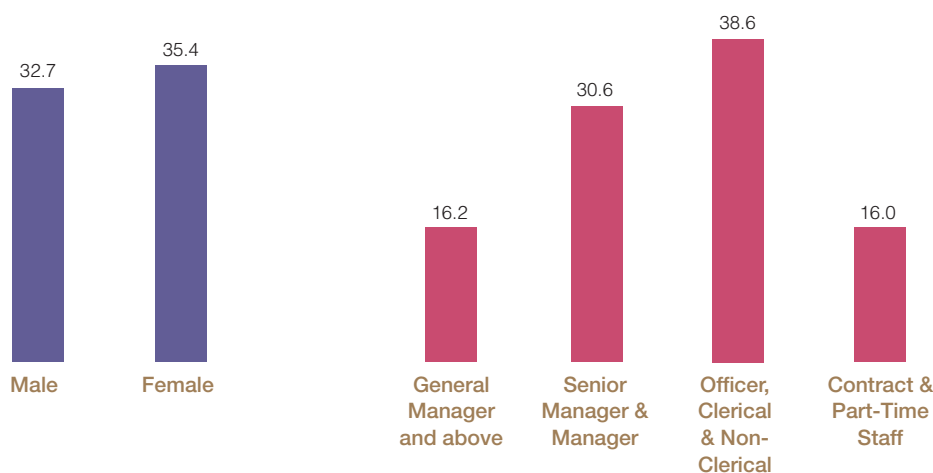
We have a wide range of online and classroom training that provides a platform for continual development from which staff at all employment grades can reach their potential and drive the Group forward.

Subsidies are provided for a wide range of external training courses including cybersecurity and anti-money laundering and counter-terrorist financing; strengthening staff competencies to manage risks.

2017 performance

In 2017, we invested over HK\$15.7 million, bringing the total spent on staff development since 2015 to over HK\$40 million. The Group provided a total of 111,965 hours of training on a wide range of professional development topics.

AVERAGE HOURS OF TRAINING BY GENDER AND EMPLOYEE CATEGORY



Engagement and culture

Why it matters

To build a motivated workforce, people must feel engaged in their work and valued by the company. It is important for employees to understand how their role contributes to the products and services our Group delivers, and how we value their contribution.

Management approach

To foster a positive working culture, with equality, opportunity, and respect embedded within, we:

Promote equal opportunities and diversity

BEA provides equal opportunities and strives to build an inclusive workplace where performance is assessed on professional ability and not personal characteristics. We have an Equal Employment Opportunity Policy, and we comply with all applicable ordinances in Hong Kong and elsewhere regarding equal employment opportunities.

Promote family-friendly initiatives

We are encouraged by the fact that more and more mothers are choosing to breast-feed their babies. To provide more convenience for nursing mothers returning to work, we opened a third lactation room in October 2017 at BEA Tower.

Promote a healthy work-life balance

BEA provides a comprehensive health insurance plan, free access to a staff gym, and healthy lunch options in staff canteens.

Our Employee Assistance Programme offers staff and their family members access to professional counsellors who are available in person, by telephone hotline or email, 24 hours a day.

2017 performance

- Approximately 87% of new parents returned to work after their maternity/paternity leave. It is testament to BEA's working culture that so many new parents can continue to balance their professional and private lives after re-joining the workforce.
- We sponsored talks and activities such as a family vacation seminar and cooking classes for staff. The Bank's SSRC organised 50 recreational activities that attracted more than 23,400 staff members and their family members, and facilitated their participation in charitable events, such as The Community Chest of Hong Kong's "2017 Walk for Millions—Hong Kong and Kowloon Walk" and "Dress Casual Day".



For the fourth year, BEA awarded scholarships to children of the Bank's staff members.

CONTRIBUTING TO OUR COMMUNITY

The BEA Group has a longstanding commitment to serving the community. We actively participate in community activities as part of our efforts to show that we care, and strive to build strong relationships and trust, while enabling our employees to increase their sense of connection to society and each other.

Why it matters

Addressing important community needs helps ensure that our customers, colleagues, and ultimately our business continue to thrive and grow.

Management approach

Our community investment approach is guided by an overarching framework that is built on three pillars:

- Education
- Social welfare
- Environment

In addition to being vital for Hong Kong's long-term sustainability, these three pillars are areas where we believe we can have a significant impact. Our business units in different markets work with local partners to prioritise specific programmes that best address the needs of their local communities.

Our contributions include cash and in-kind donations, both directly from Group members and from our two charitable foundations: the BEA Foundation in Hong Kong, and the BEA Charity Fund in Mainland China.

Beyond donations, our employees and customers are valuable resources that we can leverage to scale up our positive impact. We support and encourage our people to contribute their time and skills in service to the community, and provide them with opportunities through our local volunteer teams and campaigns. We also engage our clients and try to involve them in our charitable efforts.



In May, the BEA Foundation held a signing ceremony to launch the third 3-year phase of the Palliative Care Programme.



The BEA Foundation celebrated the 20th Anniversary of the Hong Kong Special Administrative Region ("HKSAR") by organising the BEA Carnival.

2017 performance

- **HK\$4 million** in cash donations from the Group
- **HK\$10.4 million** in donations through the BEA Foundation and the BEA Charity Fund
- **CNY11.06 million (HK\$12.79 million)** raised at the Annual Firefly Charity Night 2017
- **25,216 hours** contributed by the Group's staff volunteers



During their visit to BEA Tower in April, secondary students in the Community Business' ENGAGE programme learned about the importance of banking, the range of services available, and career opportunities in the banking industry.



In May, Blue Cross joined hands with the Hong Kong Fencing Association by serving as title sponsor and insurance partner of Hong Kong's first world-class fencing competition, the Blue Cross Insurance 2017 Asian Fencing Championships.

EMPLOYEE VOLUNTEERING HOURS



Hong Kong

Hong Kong is the BEA Group's home base, and the BEA Foundation was established in 2009 to coordinate strategic giving for our flagship initiatives in Hong Kong.

Alongside the initiatives of the BEA Foundation, our Hong Kong operations take a holistic community investment approach to demonstrate our dedication to improving and promoting educational opportunities, helping the underprivileged, and tackling social needs in various sectors. Increasingly, the Group also identifies opportunities to foster social integration among disadvantaged and underprivileged groups.



For the 11th consecutive year, in November, BEA supported the UNICEF Charity Run.

In 2017, BEA initiated and supported nearly 100 community projects in Hong Kong. Some of the key projects are highlighted below:

- Participated in the “Hong Kong Money Month” Education Fair with a game booth that taught participants about good saving and spending habits
- Continued funding the BEA Parent-Child Reading Programme, which reached **2,400 children** from over **100 schools**



- BEA volunteers** removed invasive Mikania Vines that threaten local ecosystems.
- BEA volunteers** planted **40 trees** on Tai Mo Shan and learned about the importance of preserving native forests.

- 5 festive** gatherings organised for underprivileged senior citizens
- Continued to support palliative care services at **13 residential care homes**
- BEA volunteers held a fun day camp for **51 children** in the BEA “High Five” Club, and an additional **14 mentor-student** gatherings throughout the year.
- Supported the “Food for Love Project” of the Hong Kong Association of Banks, which brought nutritious food to **10,000 elderly and low income families** in seven districts across Hong Kong
- Helped to raise nearly **HK\$2.3 million** for mental health through The Community Chest BEA Charity Golf Day
- Entertained **1,000** under-resourced children and parents at the BEA Carnival

Fundraising

- Raised \$35,000 for Hong Kong Cancer Fund’s “Pink Revolution” campaign to raise awareness of breast cancer
- Sponsored 45 BEA employees to participate in the UNICEF Charity Run to raise funds to eliminate HIV transmission and work towards creating an AIDS-free generation

Flagship programmes

Palliative Care in Residential Care Homes for the Elderly Programme

About the programme and partner

Operated by The Salvation Army and supported together with “la Caixa” Foundation, the Palliative Care Programme is designed to introduce and develop palliative care as an alternative end-of-life path for the terminally ill in Hong Kong.

Progress so far

In May 2017, the three parties renewed their commitment to the programme for a third 3-year phase.

Objective and potential impact

To provide palliative care to elderly patients, psycho-spiritual support to patients and their family members, and raise awareness through seminars and other outreach activities.

Future plans

In view of the increasing number of people suffering from dementia, the programme will begin focussing on the treatment of terminally ill elderly with dementia.

BEA Parent-Child Reading Programme

About the programme and partner

In collaboration with Hong Kong Sheng Kung Hui's Religious Education Resource Centre, the BEA Foundation funded the programme to train parents, teachers, and librarians how to read books with children as well as to subsidise students.

Progress so far

Now in its fifth year, the programme involved 2,400 students from over 100 schools in 2017.

Objective and potential impact

To foster greater interest in reading among children, and to strengthen parent-child bonds.

Future plans

The programme is currently exploring ways to attract a greater number of schools to join.

BEA “High Five” Club

About the programme and partner

Run in partnership with St. James' Settlement (“SJS”), the BEA “High Five” Club provides children from disadvantaged families with a safe place to go after school, giving their parents time to engage in full time employment. In addition to afterschool care, learning activities, and hot meals, children participating in the Club enjoy the companionship of BEA staff volunteers, who serve as “big brothers” and “big sisters”.

Progress so far

Since 2014, the programme has engaged more than 500 children and BEA volunteers have devoted more than 1,000 hours of their time.

Objective and potential impact

With the guidance of SJS staff and BEA volunteers, children are able to develop their social skills and self-confidence. Children also take part in organising community activities and learn how to make contributions to society at an early age.

Future plans

In response to growing demand for support, the programme plans to take in a greater number of students with special education needs.

Mainland China

Upholding corporate social responsibility is an integral part of doing business in Mainland China. Since 2009, the BEA Charity Fund has established several pioneering community programmes and provided financial support to NGOs.



In October, volunteers from BEA and BEA China provided 50 hours of teaching for the students of the eighth Primary School, Kaili, Guizhou Province, on a wide range of subjects.

13 new Firefly Centres were established, bringing the total number of centres nationwide to 76. The Firefly Centres offer a brighter future for the younger generation in rural China and empower students with better educational opportunities. More than 44,000 Firefly Backpacks have been distributed since the programme launch.

Training was provided for over 230 rural school teachers and principals.

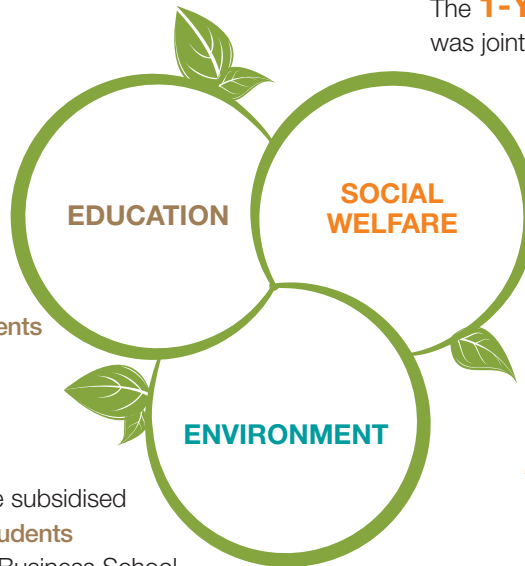
The BEA Charity Fund organised the Bank of East Asia Cup Financial Education School Tour, attracting around 10,000 students from over 120 schools to learn more about careers in financial management.

The BEA Scholarship Programme subsidised over HK\$231,500 for 35 students at Fudan University, Sun Yat-sen Business School, and Tsinghua University to pursue their tertiary education.

More than 730 staff, clients and their families devoted more than 4,000 volunteering hours in a nationwide environmental protection charity campaign held in 22 cities through various activities, including the planting of more than 400 trees.

The BEA Charity Fund continued to operate the NGO Funding Plan, subsidising the rehabilitation of autistic children, lending assistance to families who lost their only child, caring for migrant workers' children, and more. The 1-Year Teaching Programme was jointly organised by the BEA Charity Fund and YICAI to recruit and station teachers at rural schools in remote locations. The BEA Charity Fund sponsored teachers' expenses during the year and provided training, teaching support, and career support upon completion of their assignment.

During the year under review, BEA China volunteers contributed over 6,300 hours to organise volunteer teaching programmes; support at rehabilitation centres, elderly centres, and social welfare centres; and environmental protection activities.



Flagship programmes

The Firefly Project

About the programme and partner

Since 2009, the Firefly Project has provided rural schoolchildren with access to educational tools that their peers in more developed regions may take for granted. Each Firefly Centre is equipped with computers, internet access, a library, audio-visual equipment, books, and school supplies.

Progress so far

In 2017, the Firefly Project further established 13 new centres, bringing the total number of Firefly Centres nationwide to 76. More than 44,000 Firefly Backpacks have been distributed since the programme launch.

Objective and potential impact

To offer a brighter future for students attending schools in rural China and empower them with better educational opportunities.

Future plans

In 2018, the BEA Charity Fund plans to establish 11 new centres and distribute around 5,000 Firefly Backpacks to rural schoolchildren.

NGO Show

About the programme and partner

Launched in 2016, the NGO Show is organised as part of the NGO Funding Plan and aims to provide financial support for outstanding NGO projects and inspiring individuals with the aim of reaching more people in need of assistance.

In 2017, the focus of the NGO Show was the 1-Year Teaching Programme.

Progress so far

In 2017, eight contestants received the top prize and took up teaching positions in Liangshan Yi Autonomous Prefecture and Gulin, Sichuan Province.

Objective and potential impact

The NGO Show serves to connect NGOs with enterprises and individuals who wish to contribute to charitable causes. The BEA Charity Fund has become a powerful unifying force and enabler, allowing us to help more people.

In 2017, the programme aimed to bring together high calibre teachers and impoverished rural schools suffering from a dearth of qualified teachers.

Future plans

NGO Show will continue to run the 1-Year Teaching Programme to recruit volunteer teachers to work at rural schools.

Branches in Macau, Taiwan, and overseas

Our branches overseas work closely with local partners to serve people in need. By supporting different community investment programmes, BEA has actively established relationships with the communities where it operates to drive social development and positive change. Some of the key projects in 2017 are highlighted below.

In the UK, BEA supported the Internship Scheme for Hong Kong Students in Europe and the Summer Work Experience Programme organised by the Hong Kong Economic and Trade Office in London. Four students received on-the-job training in business development, retail services, and financial control at the London Branch.

Staff members of BEA's Taipei Branch donated blood to the Taiwan Blood Services Foundation Taipei Blood Centre.

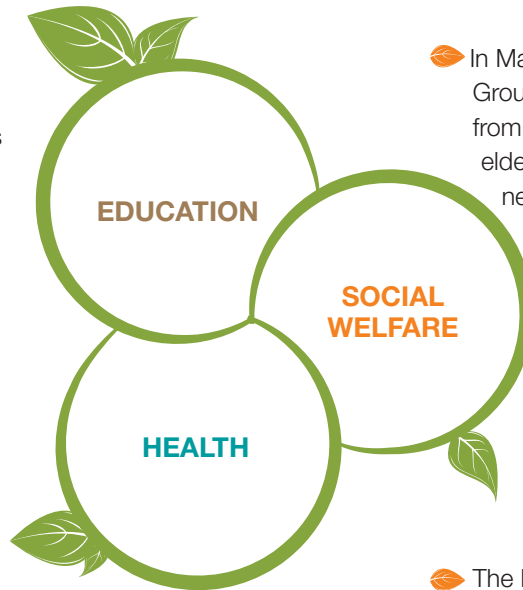
BEA's Los Angeles Branch supported the Buddha Light International Association by making a donation and volunteering at a free health screening event where BEA staff helped senior citizens and members of low-income families to register for free blood tests.

BEA Macau participated in World Vision's "Skip a Meal" Campaign. Staff supported this activity by skipping a meal and donating the cost of the meal to provide food and nutrition to children and families in Africa.

In Malaysia, BEA supported the Pavilion Group by donating proceeds raised from the Charity at Heart campaign to elderly homes and organisations in need.

BEA partnered with the London Chinatown Chinese Association and sponsored over **HK\$317,500** for the Year of the Rooster Celebration Campaign to help Chinese communities in need.

The New York Branch made a grant worth nearly **HK\$40,000** to Neighbourhood Housing Services of New York City to strengthen financial education and services offered to low and moderate-income families.



In October, staff members of BEA's New York Branch visited Primary School #204 in Brooklyn for the fourth year to introduce basic banking concepts to fifth grade students and award prizes to the highest achievers in an interactive quiz.



In November, BEA staff members in the UK participated in the Christmas Shoebox Donation Programme organised by the Rotary Great Britain and Ireland by donating toys, stationery, and other items, which they packed into festive boxes for disadvantaged youngsters living in children's homes, schools, and shelters.

ENHANCING OUR ENVIRONMENTAL PERFORMANCE

All businesses must contribute to the global effort to tackle climate change and transition to a low-carbon economy. The BEA Group is committed to minimising the direct footprint of our operations, and we seek to positively influence our employees, suppliers, customers and other stakeholders by raising their awareness of environmental issues and helping them make more sustainable choices.

As at 31st December, 2017:

- **100% branches** in Hong Kong transformed to digital branches
- **77% of credit cardholders** adopted e-statements
- **3.2% decrease** in electricity consumption across the Group, year on year
- **Around 119 tonnes less** paper consumed by the Group, year on year, which is equivalent to **more than 7,140 trees**

Efficient operations

Why it matters

The Group uses electricity to power our branches, offices, and data centre. We use considerable amounts of paper for customer communications, statements, forms, and receipts in our branches, as well as throughout our office operations. Reducing our consumption of these precious natural resources is not only good for the environment, but can also result in cost savings and encourage innovations that enhance operational efficiency.

Management approach

We have an Environmental Policy that outlines our commitment to embedding environmentally sound practices into our business and operations by reducing our consumption of energy and paper, our two most material impacts, and reducing the amount of waste we send to landfill. Since 2012, we have tracked and publicly disclosed our energy and paper consumption and waste data to better manage and hold ourselves accountable for our impacts.



In November, the Bank set up an organic farm on the roof of BEA Tower to promote sustainability and give staff the opportunity to share the joy of growing their own plants and vegetables from seed to harvest.



In June, members of the Volunteer Team together with their friends and family participated in the Kadoorie Farm and Botanic Garden Group Tree Planting Programme 2017 by planting saplings on the hillsides of Tai Mo Shan.

Our self-owned office premises in Hong Kong and Mainland China have obtained green building certification.

- BEA Tower, Kwun Tong, Hong Kong: Hong Kong BEAM (Excellent)
- BEA's Leasing Office Building, 33 Des Voeux Road Central, Hong Kong: Gold Standard Rating in BEAM for New Buildings
- BEA China Headquarters, Shanghai: LEED² Gold
- BEA China Shanghai Branch: LEED Gold
- BEA China Beijing Branch: LEED Gold

Energy consumption

BEA has set a target to reduce energy consumption at our two main office buildings in Hong Kong by 1.1% every year. To achieve this, we:

- fitted energy efficient equipment and lighting throughout our branch network and offices;
- switched off the chiller plant of the Head Office building 30 minutes before the end of office hours but continued to run the chilled water pump and set the chilled water supply temperature at a higher set point during the cooler months;
- disconnected some of the luminaires in corridors and vacant areas; and
- promoted energy saving behaviour among staff through communications and events like "Earth Hour".

To further reduce energy consumption and carbon emissions, BEA has set a target to replace all remaining split type air-conditioning units in its Hong Kong branches with more energy-efficient VRV systems using more environmentally friendly refrigerant by the end of 2019.

At a Group level, our energy intensity was slightly higher in 2017, year on year, mainly due to increased energy consumption at some of BEA's overseas branches following the purchase of servers and other pieces of equipment to support growing teams while the Bank carried out branch rationalisation and reduced the size of office workstations in Hong Kong.

Paper consumption

Digital banking is integral to our efforts to reduce our paper consumption. Many of our paper-based processes, forms, and documentation can be done more efficiently, accurately, and conveniently through digital channels. Our initiatives to reduce paper consumption include:

- transformation of all branches in Hong Kong to digital branches;
- incentives for customers to adopt e-statements;
- establishment of e-statement adoption targets to monitor performance;
- promotion of paper saving habits by implementing internal charging schemes for printing; and
- streamlining of back-office systems and processes to reduce paper consumption.

When we do need to use paper, we opt for more sustainable paper, such as FSC³ certified and recycled paper, where practicable.

Waste

We are committed to reducing waste from our operations and promoting recycling. Our major waste type is paper waste, but we also encourage our office and branch staff to separate all recyclable waste so that it does not end up in landfills. To reduce waste and promote recycling, we:

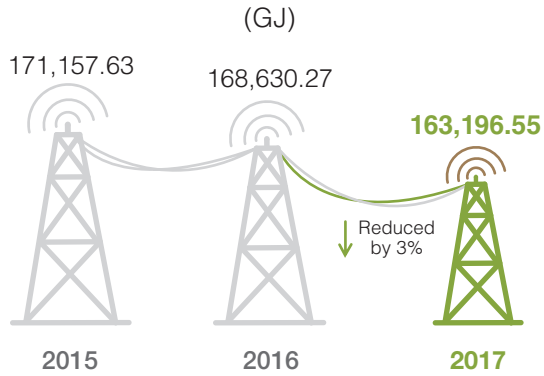
- engage contractors to recycle shredded confidential documents;
- provide recycling bins at our BEA Tower offices;
- record and report annual paper recycling rates; and
- participate in the Environmental Protection Department's Food Waste Recycling Partnership to recycle food waste generated from our staff canteen in BEA Tower in Hong Kong.

² LEED is the Leadership in Energy and Environmental Design standard issued by the US Green Building Council.

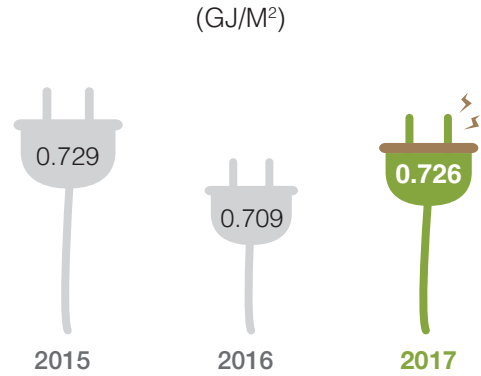
³ FSC stands for Forest Stewardship Council Certification.

2017 performance

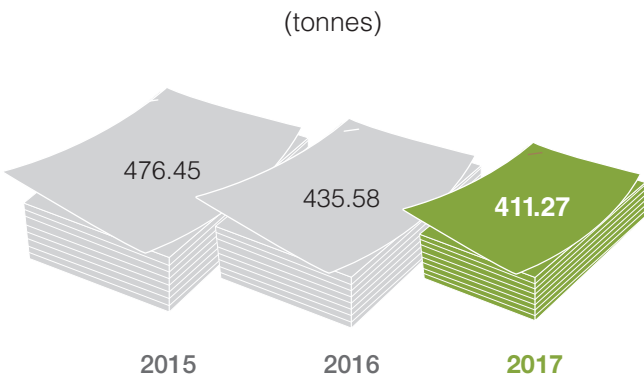
TOTAL ELECTRICITY CONSUMPTION



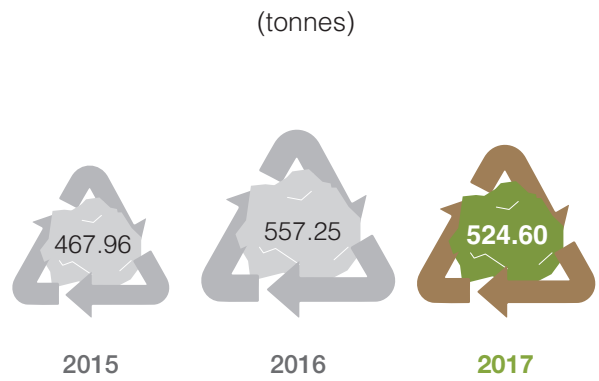
ENERGY INTENSITY PER SQUARE METRE



COPY PAPER CONSUMPTION*



TOTAL PAPER RECYCLED



* Includes A3 and A4 copy paper only and excludes other paper or paper products consumed

REDUCING PAPER CONSUMPTION, INSIDE AND OUT

One of our major direct environmental impacts is our consumption of paper. In 2017, our Group consumed 595,480 kg of paper. Apart from our internal efforts to use less paper, we encourage our customers to reduce their paper consumption when they conduct their banking. In January 2017, we introduced a paper statement fee of HK\$10 per deposit account for every six months for paper statements. Through such efforts, we are successfully motivating more personal customers to adopt e-statements. Starting from June 2017, e-statements were automatically issued for all new SupremeGold Account, Supreme Account, i-Account, and CorporatePlus Account customers.

To reduce the amount of paper used for credit card statements, BEA launched its ambitious Full Base e-Statement Conversion Project in August 2017 to switch all credit card accounts to e-statement in monthly batches. As at 31st December, 2017, 77% of our credit cardholders in Hong Kong had adopted e-statements, and we are well on track to achieve our target of 90% by mid-2018. Prior to the conversion, each cardholder is notified twice that paper statement service will cease starting from a designated month in the future, and provided instructions on how to view their e-statement via Cyberbanking. Cardholders are given the option to continue receiving paper statements by paying a HK\$50 annual fee. Additional support is provided by our customer service hotlines and each cardholder is issued phone and email messages to ensure they don't overlook their e-statements.

We face challenges in convincing all cardholders to give up paper statements, or to pay for a service that used to be free. Some may even feel that banks simply promote e-statement service because it helps them cut costs. However, using e-statements is a "win" for everyone, and our planet!



BEA's Volunteer Team teamed up with the People's Service Centre in March to collect unsold vegetables from the Shek Kip Mei market and redistribute them to the elderly living in a nearby estate.



BEA China Volunteers promoted green commuting by riding bicycles in a bike-sharing programme under the "Let's Protect the Environment Together" charity campaign organised by BEA China from March to May 2017.

Carbon disclosure

Climate change is an issue of growing concern and importance globally. The Group continued to show its commitment to transparency by submitting performance information to CDP and the Carbon Footprint Repository for Listed Companies in Hong Kong.

Promoting green behaviour

Why it matters

We recognise that as a large financial services provider, we can multiply our positive impact by educating our stakeholders on environmental issues, and encouraging those around us to adopt environmentally considerate practices through good governance, action and commitment.

Management approach

Suppliers

Recognising the importance of using our sphere of influence to encourage environmentally responsive behaviour in our supply chain, we embedded environmental considerations in our procurement practices. Our Supplier Code of Conduct in effect since November 2017 added strength to our environmental governance.

Employees

We partner with industry groups and environmental organisations to organise activities and training to raise employee awareness of environmental issues. We issue regular internal communications and reminders to promote eco-conscious behaviour.

2017 performance

- BEA employees joined a WWF-organised vine removal event at the Mai Po Nature Reserve to contribute to the management of a biodiversity site.
- Throughout spring 2017, BEA China conducted the family friendly “Let’s Protect the Environment Together” charity campaign in 22 cities nationwide. BEA China employees and their families joined others in contributing to over 4,000 hours of environmental protection activities, including the planting of more than 400 saplings.
- To support awareness of systemic environmental problems, we stood with the more than 5,500 companies, organisations, and buildings committed to WWF’s lights-out event, Earth Hour.

APPENDICES | DATA TABLES

HKEX ESG

Reporting Guide

Reference/

GRI Reference Indicator

2017

2016⁴

Economic Performance

		HKD million	HKD million
GRI 201-1	Direct economic value generated		
	Revenue	17,201	15,774
GRI 201-1	Direct economic value distributed		
	Operating costs	2,797	2,989
	Employee compensation and benefits	4,768	4,713
	Payments to providers of capital	4,113	1,997
	Payments to government in Hong Kong	731	723
	Payments to government in Mainland China	(49) ⁵	718
	Payments to government in Overseas (including Macau and Taiwan)	290	250
GRI 201-1	Total value of charitable donations	4	4
GRI 201-1	Economic value retained	4,547	4,380

		Unit	2017	2016 ⁶	2015 ⁶
Environmental performance					
GRI 302-1	Energy consumption within the organisation				
	Total energy consumption	gigajoules (GJ)	176,982.82	187,533.91	189,832.79
	Total electricity consumption	GJ	163,196.55	168,630.27	171,157.63
	Total heating purchased for consumption	GJ	1,617.00	3,569.00	1,690.12
	Total cooling purchased for consumption	GJ	593.00	2,366.00	2,937.14
	Total fuel consumption from non-renewable sources (towngas & vehicle fuel)	GJ	11,576.27	12,968.64	14,047.90
	Total fuel consumption from renewable sources		0	0	0
KPI A2.1	Total direct and indirect energy consumption by type				
	Total energy consumption	'000 kilowatt hours (kWh)	49,161.90	52,092.75	52,731.33
	Total electricity consumption	'000 kWh	45,332.38	46,841.74	47,543.79
	Total heating purchased for consumption	'000 kWh	449.17	991.39	469.48
	Total cooling purchased for consumption	'000 kWh	164.72	657.22	815.87
	Total fuel consumption from non-renewable sources (towngas & vehicle fuel)	'000 kWh	3,215.63	3,602.40	3,902.19
	Total fuel consumption from renewable sources		0	0	0
GRI 302-3	Overall energy intensity of the Group				
	by Gross Floor Area	GJ/m ²	0.73	0.71	0.73

HKEX ESG Reporting Guide Reference/					
GRI Reference	Indicator	Unit	2017	2016 ⁶	2015 ⁶
	Water consumption				
KPI A2.2	Total water consumption of the organisation	m ³	107,832.90 ⁷	106,479.67 ⁸	Data not available
	Water intensity				
	Per square metre of GFA	m ³ /m ²	0.56	0.54	Data not available
	Paper consumption and waste				
GRI 306-2					
KPI A1.4	Total paper used	tonnes	977.68	1,096.31	1,066.14
	Total paper recycled	tonnes	524.60	557.25	467.96
	Recycling rate	%	53.7	50.8	43.9
	IT Products				
GRI 306-2					
KPI A1.4	Total weight of IT products collected for recycling or reuse	tonnes	8.55	9.19	12.67
	Medical waste (Blue Care only)				
GRI 306-2					
KPI A1.3	Weight of waste disposed	tonnes	0.14	0.13	0.09
	Emissions from gaseous fuel consumption in Hong Kong¹⁰				
KPI A1.1 ⁹					
	NOx	kilograms (kg)	7.80	7.66	Data not available
	SOx	kg	0.04	0.04	Data not available
	Emissions from vehicles in Hong Kong				
KPI A1.1					
	NOx	grams (g)	485,994	546,367	Data not available
	SOx	g	1,418	1,604	Data not available
	PM	g	43,445	47,849	Data not available
	Total greenhouse gas (GHG) emissions in Hong Kong¹¹				
KPI A1.2					
	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	355.85	360.91	Data not available
	Scope 2 emissions	tonnes CO ₂ e	12,211.87	13,947.21	Data not available
	Scope 1 & 2 emissions	tonnes CO ₂ e	12,567.72	14,308.12	Data not available
	GHG emissions intensity per unit of area	tonnes CO ₂ e/m ²	0.18	0.17	Data not available
	Total greenhouse gas (GHG) emissions of BEA China¹²				
KPI A1.2					
	Scope 1 emissions	tonnes CO ₂ e	123.98	146.68	Data not available
	Scope 2 emissions	tonnes CO ₂ e	15,869.82	16,222.54	Data not available
	Scope 1 & 2 emissions	tonnes CO ₂ e	15,993.80	16,369.22	Data not available
	GHG emissions intensity per unit of area	tonnes CO ₂ e/m ²	0.11	0.11	Data not available

HKEX ESG

Reporting Guide

Reference/

GRI Reference Indicator

2017

Workforce data

GRI 102-7	Total workforce					No. of people: 9,978	
			Male			Female	
			%			%	
GRI 102-8	Total workforce by employment contract and gender						
	Permanent Contract		37.8			59.4	
	Fixed Term/Temporary Contract		1.5			1.3	
GRI 102-8 KPI B1.1	Total number of permanent employees by employment type and gender						
	Full time		38.8			59.5	
	Part time		0.5			1.2	
KPI B1.1	Total workforce by region and gender						
	Hong Kong		19.0			24.7	
	Mainland China		18.0			32.7	
	Overseas (incl. Macau & Taiwan)		2.3			3.3	
KPI B1.1	Total workforce by region and age						
			Below 30	30–50	Above 50		
			%	%	%		
	Hong Kong		7.8	26.0	9.9		
	Mainland China		13.6	36.0	1.2		
	Overseas (incl. Macau & Taiwan)		1.0	3.3	1.2		
GRI 102-8	Total workforce by employment contract and region						
						Overseas	
						Mainland (incl. Macau & Taiwan)	
			Hong Kong	China	Taiwan)		
			%	%	%		
	Permanent Contract		42.7	48.9	5.6		
	Fixed Term/Temporary Contract		0.9	1.8	0.1		
GRI 401-1	Total number of new hires by region and gender, and region and age (permanent full time staff only)					No. of people: 1,664	
			Male	Female	Below 30	30–50	Above 50
			%	%	%	%	%
	Hong Kong		18.4	21.2	17.7	19.8	2.1
	Mainland China		23.3	30.2	31.6	21.5	0.4
	Overseas (incl. Macau & Taiwan)		3.2	3.7	3.1	3.3	0.5

HKEX ESG

Reporting Guide

Reference/

GRI Reference Indicator

2017

GRI 401-1	Rate of new hires by region and gender, and region and age (permanent full time staff only)					Overall: 17%
		Male	Female	Below 30	30–50	Above 50
		%	%	%	%	%
	Hong Kong	17.0	15.0	42.1	13.0	3.7
	Mainland China	22.9	16.1	43.2	10.3	5.2
	Overseas (incl. Macau & Taiwan)	24.3	18.5	48.1	16.9	6.8
GRI 401-1	Total number of employee turnover by region and gender, and region and age (permanent full time staff only)					No. of people: 2,013
	Hong Kong	19.2	23.9	14.0	22.7	6.4
	Mainland China	22.8	29.0	19.1	31.9	0.8
	Overseas (incl. Macau & Taiwan)	2.4	2.7	1.7	2.9	0.5
GRI 401-1 KPI B1.2	Rate of employee turnover by region and gender, and region and age (permanent full time staff only)					Overall: 21%
	Hong Kong	21.4	20.4	40.1	18.0	13.9
	Mainland China	27.1	18.7	31.5	18.4	14.7
	Overseas (incl. Macau & Taiwan)	22.1	16.7	32.4	17.8	9.4
GRI 401-3	Return to work and retention after parental leave, by gender					
			Male		Female	
	Proportion of total workforce entitled to parental leave		94%		95%	
	Number of people who took parental leave		210		428	
	Number of people who returned to work after parental leave		181		314	
	Total employees retained 12 months after returning to work after parental leave		154		293	
	Return to work rate		86.6%		87.5%	
	Retention rate		77.8%		78.1%	

HKEX ESG

Reporting Guide

Reference/

GRI Reference

Indicator

2017

GRI 403-2	<i>Injury rate per 1,000 employees</i>					Overall: 2.51%
	Hong Kong					3.90%
	Mainland China					0.79%
	Overseas (incl. Macau & Taiwan)					7.09%
KPI B2.2	<i>Lost days due to work related injury</i>					927
GRI 403-2	<i>Lost day rate</i>					Overall: 0.04%
	Hong Kong					0.06%
	Mainland China					0.02%
	Overseas (incl. Macau & Taiwan)					0.001%
GRI 403-2	<i>Absentee rate</i>					Overall: 1.54%
	Hong Kong					2.18%
	Mainland China					0.97%
	Overseas (incl. Macau & Taiwan)					1.75%
GRI 403-2	<i>Total number of work-related fatalities</i>					0
KPI B2.1						
GRI 404-1	<i>Average hours of training per employee by gender</i>					
KPI B3.2	Male					32.7
	Female					35.4
GRI 404-1	<i>Average hours of training per employee by employee category</i>					
KPI B3.2	General Manager and above					16.2
	Senior Manager and Manager					30.6
	Officer, Clerical and Non-Clerical					38.6
	Contract and Part-Time Staff					16.0
GRI 405-1	<i>Composition of the Board of Directors</i>					
		Male	Female	Below 30	30–50	Above 50
		%	%	%	%	%
	by gender	94	6			
	by age group			0	24	76
GRI 405-1	<i>Percentage of employees per employee category by gender</i>					
	General Manager and above	0.3	0.1	0	0.1	0.3
	Senior Manager and Manager	16.1	19.2	0.8	28.4	6.2
	Officer, Clerical and Non-Clerical	20.9	38.9	19.6	35.0	5.1
	Contract and Part-Time Staff	2.0	2.5	2.2	1.6	0.7

HKEX ESG Reporting Guide Reference/		
GRI Reference	Indicator	2017
GRI 103-2	Number of grievances about labour practices filed, addressed and resolved	3
Human rights and society		
GRI 406-1	Total number of incidents of discrimination and corrective actions taken	0
GRI 205-3 KPI B7.1	Confirmed incidents of corruption and actions taken	0
GRI 419-1	Monetary value of significant fines for non-compliance with laws and regulations (HKD)	0
GRI 419-1	Total number of non-monetary sanctions for non-compliance with laws and regulations	0
Product responsibility		
GRI 417-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	0
GRI 417-3	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	10
GRI 418-1	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services (HKD)	0

⁴ 2016 economic data restated to reflect the reclassification of certain credit card promotion expenses.

⁵ The value is negative due to a net write-back of profits tax for BEA China in 2017.

⁶ We restated both 2015 and 2016 environmental data to exclude Shaanxi Fuping BEA Rural Bank Corporation ("BEA Rural Bank") and Credit Gain Finance Company Limited ("Credit Gain") that were not covered in this year's report to ensure data comparability. Total floor area of BEA's UK branches and EADIS in 2016 have been revised to reflect updated data.

⁷ Water consumption data is not available for Blue Cross, BEA Life and BEA's branches in New York, Los Angeles, and Malaysia; for some of our rented premises, water and other utilities are combined in a single management fee.

⁸ Restated in 2017 as corresponding water consumption data for BEA Hong Kong branches was omitted in 2016.

⁹ Air emission factors are taken from HKEX document Appendix 2: Reporting Guidance on Environmental KPIs https://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/esg/Documents/app2_kpis.pdf.

¹⁰ Gaseous fuel is towngas consumed in our staff cafeterias in Hong Kong.

¹¹ The CO₂e emission factors for electricity are taken from the Hong Kong Electric and CLP 2017 sustainability reports and the territory-wide default value provided by Electrical and Mechanical Services Department of Hong Kong Government; all other emission factors are taken from HKEX document Appendix 2: Reporting Guidance on Environmental KPIs.

¹² Emissions factors taken from the GHG Protocol Tool for Energy Consumption in China (Version 2.1) — Appendix B.

APPENDICES | HKEX ESG REPORTING GUIDE CONTENT INDEX

A. Environmental		Page
A1 Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	52
A1.1	The types of emissions and respective emissions data.	31
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	31
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	31
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	31 (partially disclosed)
A1.5	Description of measures to mitigate emissions and results achieved.	25–29
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	25–29
A2 Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	52
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	30
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	31
A2.3	Description of energy use efficiency initiatives and results achieved.	25–29
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not material
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not material
A3 The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	52
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	25–29

B. Social		Page
B1 Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	52
B1.1	Total workforce by gender, employment type, age group and geographical region.	32
B1.2	Employee turnover rate by gender, age group, and geographical region.	33
B2 Health and Safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	52
B2.1	Number and rate of work-related fatalities.	34
B2.2	Lost days due to work injury.	34
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	17, 52
B3 Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	16, 52
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Data not available
B3.2	The average training hours completed per employee by gender and employee category.	34
B4 Labour Standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	52
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Not material
B4.2	Description of steps taken to eliminate such practices when discovered.	Not material

		Page
B5 Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	6, 9
B5.1	Number of suppliers by geographical region.	9
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	9 (partially disclosed)
B6 Product Responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	52, 53
B6.1	Percentage of products subject to recalls for safety and health reasons.	Not material
B6.2	Number of products and service related complaints received and how they are dealt with.	10–14
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not material
B6.4	Description of quality assurance process and recall procedures.	Not material
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	14, 52, 53
B7 Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	53
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	35
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	8, 9
B8 Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	53
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	18
B8.2	Resources contributed (e.g. money or time) to the focus area.	19

APPENDICES | GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title	Page	Remarks
GRI 100: Universal Disclosures 2016		N/A	
GRI 102: General Disclosures 2016			
102-1	Name of the organisation	1	
102-2	Activities, brands, products, and services	43	
102-3	Location of headquarters	2	
102-4	Location of operations	2	
102-5	Ownership and legal form	—	Listed on the Stock Exchange of Hong Kong; Also refer to Annual Report 2017
102-6	Markets served	43	Also refer to Annual Report 2017
102-7	Scale of the organisation	2	
102-8	Information on employees and other workers	32	
102-9	Supply chain	43	
102-10	Significant changes to the organisation and its supply chain	44	
102-11	Precautionary principle or approach	8, 9	
102-12	External initiatives	44	
102-13	Membership of associations	44, 45	
102-14	Statement from senior decision maker	3, 4	
102-16	Values, principles, standards, and norms of behaviour	2	Also refer to Corporate Governance Report in Annual Report 2017
102-18	Governance structure	5	Also refer to Corporate Governance Report in Annual Report 2017
102-40	List of stakeholder groups	47	
102-41	Collective bargaining agreements	49	
102-42	Identifying and selecting stakeholders	47	
102-43	Approach to stakeholder engagement	47	
102-44	Key topics and concerns raised	48	

GRI Standard	Disclosure Number and Title	Page	Remarks
102-45	Entities included in the consolidated financial statements	1	Also refer to Annual Report 2017
102-46	Defining report content and topic boundaries	6, 7, 49–51	
102-47	List of material topics	7, 50	
102-48	Restatements of information	51	Relevant restated information was detailed in Data Performance section
102-49	Changes in reporting	51	
102-50	Reporting period	1	
102-51	Date of most recent report	—	CSR Report 2016 published in June 2017
102-52	Reporting cycle	—	Annual
102-53	Contact point for questions regarding the report	1	
102-54	Claims of reporting in accordance with the GRI Standards	1	This report has been prepared in accordance with the GRI Standards: Core Option
102-55	GRI content index	39–42	
102-56	External assurance	—	No external assurance for report content
Material Topics*			
GRI 200: Economic Topics			
GRI 201: Economic Performance			
GRI 103	Management Approach	8, 9	
201-1	Direct economic value generated and distributed	8	Also refer to Annual Report 2017
GRI 205: Anti-corruption			
GRI 103	Management Approach	8, 53	
205-3	Confirmed incidents of corruption and actions taken	35	
GRI 300: Environmental Topics			
GRI 302: Energy			
GRI 103	Management Approach	25–29, 52	
302-1	Energy consumption within the organisation	30	
302-3	Energy intensity	30	
GRI 306: Effluents and Waste			
GRI 103	Management Approach	25–29, 52	
306-2	Waste by type and disposal method	31	

* Standards listed in the remainder of this section refer to GRI Standards 2016

GRI			
Standard	Disclosure Number and Title	Page	Remarks
GRI 400: Social Topics			
GRI 401: Employment			
GRI 103	Management Approach	16, 52	
401-1	New employee hires and employee turnover	32, 33	
401-3	Parental leave	33	
GRI 402: Labour/Management Relations			
GRI 103	Management Approach	17	
GRI 402-1	Minimum notice periods regarding operational changes	—	While the Group does not have a minimum notice period in place, we strive to ensure that employees are kept informed, as soon as practical, of any operational changes that could significantly affect them
GRI 403: Occupational Health and Safety			
GRI 103	Management Approach	17, 52	The Group operates in the service industry where the risk of fatalities and severe injuries on the job is minimal. We have chosen to include employee wellness and mental health, as stress is a significant risk in our industries
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	34	
GRI 404: Training and Education			
GRI 103	Management Approach	16, 52	
404-1	Average hours of training per year per employee	34	
GRI 405: Diversity and Inclusion			
GRI 103	Management Approach	17	
405-1	Diversity of governance bodies and employees	34	
GRI 406: Non-discrimination			
GRI 103	Management Approach	16, 17	
406-1	Incidents of discrimination and corrective actions taken	35	
GRI 413: Local Communities			
GRI 103	Management Approach	18–24, 53	
413-1	Operations with local community engagement, impact assessments, and development programs	18–24	
GRI 417: Marketing and Labelling			
GRI 103	Management Approach	10	
417-2	Incidents of non-compliance concerning product and service information and labeling	35	
417-3	Incidents of non-compliance concerning marketing communications	35	

GRI			
Standard	Disclosure Number and Title	Page	Remarks
GRI 418: Customer Privacy			
GRI 103	Management Approach	14, 52, 53	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	35	
GRI 419: Socioeconomic Compliance			
GRI 103	Management Approach	53	
419-1	Non-compliance with laws and regulations in the social and economic area	35	

APPENDICES | SUPPLEMENTARY INFORMATION

General disclosures

Primary Brands, Products and Services (GRI 102-2)

BEA has long been known for the comprehensive range of corporate and personal banking, financial, and insurance services that it provides to a diverse customer base. Wholesale and personal banking services are delivered through the Bank's Corporate Banking, Personal Banking, Wealth Management, Insurance & Retirement Benefits, Treasury Markets, China, and International divisions.

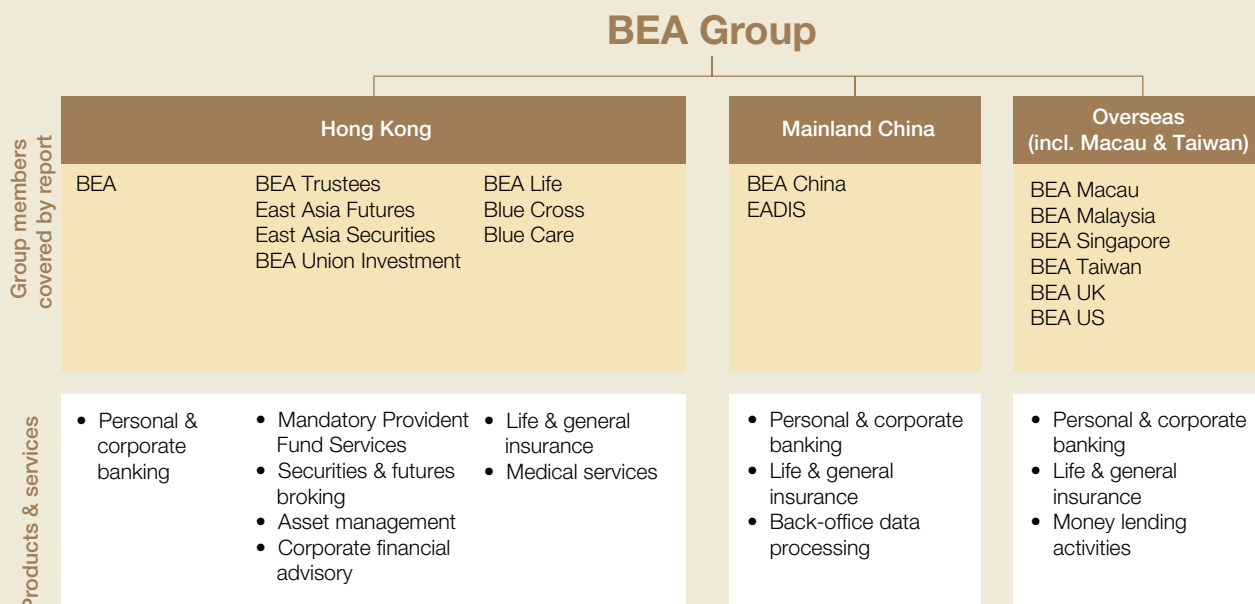
Products and services include syndicated loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, Cyberbanking, retail investment and wealth management services, private banking, Renminbi services, foreign exchange margin trading, broking services, Mandatory Provident Fund services, and general and life insurance.

In addition to the Bank's core offering, other members of the BEA Group broaden the range of products and services available to individual and corporate customers. BEA's wholly-owned subsidiaries BEA Life and Blue Cross serve as underwriters of life insurance and general insurance products, respectively.

Supply Chain Description (GRI 102-9)

The Group's primary suppliers include providers of information technology and telecommunications services, premises and equipment, legal and professional advice, advertising services, and communications, stationery, and printing. We are committed to supporting local economies and the majority of our suppliers are located in our country of operation.

For further information please see the Growing Our Business Responsibly section of the report.



Significant changes to organisation size, structure, ownership, or supply chain (GRI 102-10)

BEA Rural Bank was sold in May 2017, and Credit Gain was excluded from the scope of our business and CSR

performance as the sale of Credit Gain's Hong Kong loan portfolio was completed in December 2017.

Charters (GRI 102-12)

Charter/Scheme	Organisation name	Year charter was adopted	Locations where charter is applicable	Voluntary/Mandatory
BEA				
Charter on External Lighting	Environment Bureau	2016	Hong Kong	Voluntary
Wood Recycling & Tree Conservation Scheme	Hong Kong Environmental Protection Association	2016	Hong Kong (BEA Tower)	Voluntary
Quality Water Supply Scheme for Buildings — Fresh Water (PLUS) Basic Plan	Water Supplies Department	2016	Hong Kong (BEA Head Office)	Voluntary
Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme	Labour and Welfare Bureau, the Rehabilitation Advisory Committee, HKCSS, and the Hong Kong Joint Council for People with Disabilities	2015	Hong Kong	Voluntary
Treat Customers Fairly Charter	Hong Kong Monetary Authority	2013	Hong Kong	Voluntary

Memberships (GRI 102-13)

The BEA Group is actively involved in the community. We are a corporate member of the industry associations, NGOs and chambers listed below, and our Chairman & Chief Executive, Deputy Chief Executives, and senior

executives hold key positions in universities, associations, chambers, and NGOs, which enable them to contribute to the long-term development of the communities we serve.

Title Held/Level	Name of Association, NGO, Chamber
BEA	
Corporate	Asian Bankers Association
Corporate	The Chamber of Hong Kong Listed Companies
Corporate	Employers' Federation of Hong Kong
Corporate	The Hong Kong Institute of Bankers
Institutional Membership	Treasury Markets Association
Member	Hong Kong Association of Banks
Silver Member	WWF — Hong Kong
Jade Member	Hong Kong Council of Social Service
Chairman of Executive Committee	St. James' Settlement
Chairman of the Advisory Board	The Salvation Army

Title Held/Level	Name of Association, NGO, Chamber
BEA's Macau Branch Vice Chairman of Supervisory Board	The Macau Association of Banks
BEA Malaysia Member	Association of Labuan Banks
BEA's Taiwan Branch Director	Hong Kong Business Association in Taiwan
BEA's London Branch Member Member Member Member Member Member Member Member	Association of Foreign Banks Hong Kong Association Hong Kong Trade Development Council UK Chinese Bankers Association Royal Automobile Club Wentworth Club Hong Kong Economic Trading Office The Guild of International Bankers
BEA China Corporate (Vice President) Director Deputy Director General Vice President Director Member	China Banking Association Shanghai Banking Association Shanghai Financial Association China Banking Association Foreign Bank Work Committee at the China Banking Association The CPPCC of Shanghai
Blue Cross Director Member of Task Force on Greater China Affairs Member of Task Force on Healthcare Reform Member of Election Committee — Insurance Subsector Member of Insurance Authority Working Group	Chinese Insurance Association of Hong Kong Limited The Hong Kong Federation of Insurers The Hong Kong Federation of Insurers Electoral Affairs Commission, HKSAR The Hong Kong Association of Banks
EADIS Member Member	Guangzhou Association of Service Trade & Outsourcing Guangdong Service Outsourcing Industry Association
BEA Union Investment Member Member of Ethics Review Committee Member of Human Capital Committee Member Member of Executive Committee	Hong Kong Investment Funds Association Hong Kong Institute of Certified Public Accountants Financial Services Development Council CFA Institute Hong Kong Investment Funds Association

Awards and Recognition

BEA

1. "President's Award" (for the 18th consecutive year), "Diamond Award" in the Corporate & Employee Contribution Programme 2016/2017 (for the 23rd consecutive year), "7th Top Fund Raiser Award" in the Dress Casual Day 2016 programme, and "4th Runner-up in the Top Fund-raiser Award" in the Hong Kong & Kowloon Walk 2016/2017
 **The Community Chest of Hong Kong**
2. Named "Caring Company" (for the 14th consecutive year); Blue Cross was named "Caring Company" for the ninth consecutive year
 **HKCSS**
3. Named "Business for Sustainability 2016/2017"
 **HKCSS**
4. "Community Engagement Gold Award" (for the third consecutive year)
 **Senior Citizen Home Safety Association**
5. "Best Partner Award"
 **Senior Citizen Home Safety Association**
6. Top Fundraising Award (Private Rice Stall), Highest Volunteer Participation Award (Private Rice Stall), and Oxfam Corporate Donor Award
 **Oxfam Hong Kong**
7. "Gold Award for Volunteer Service" in 2016 (for the fourth consecutive year)
 **Social Welfare Department's Central Office for Volunteer Service**
8. Social Capital Builder Logo Award
 **The Community Investment and Inclusion Fund of the Labour and Welfare Bureau**
9. "Manpower Developer" (2012–2018)
 **Employees Retraining Board**
10. "TWGHs Charity Raffle Sales Competition 2016/2017 (corporations/organisations) – Champion Award"
 **Tung Wah Group of Hospitals**
11. Indoor Air Quality Certificate (Good Class for BEA's Head Office Building)
 **Environmental Protection Department and the Hong Kong Accreditation Service of the HKSAR Government**

12. Tree Conservation Scheme Certificate 2017 (for BEA and East Asia Facility Management Limited)
 **Hong Kong Environmental Protection Association**
13. Wastewi\$e Certificate ("Class of Excellence" for BEA's Head Office Building and BEA Tower)
 **Environmental Campaign Committee ("ECC")**
14. Energywi\$e Certificate ("Class of Excellence" for BEA Tower)
 **ECC**
15. "Silver Award" in the Servicing and Trading Industry category
 **Hong Kong Awards for Environmental Excellence Programme**
16. Hong Kong Green Organisation Logo
 **ECC**

BEA China

17. "2016 Best Practice of Social Responsibility Award"
 **China Banking Association**
18. "Outstanding Charitable Contribution of the Year" in the 14th (2017) China Charity Rankings
 **China Philanthropy Times**
19. "Award for Education Aid" as part of the Lujiazui Financial City Warm Heart Annual Charity Rankings 2017
 **Lujiazui Financial City**
20. Best CSR Award from China Business Journal
 **China Business Journal**
21. "Best Practice Award" in the 2017 YICAI CSR Rankings in China by YICAI
 **YICAI**
22. "Excellence in Corporate Social Responsibility of 2017" in the 2017 Employer Excellence of China
 **www.51job.com**

BEA Union Investment

- 23. "Good MPF Employer Award 2016/2017"
Mandatory Provident Fund Schemes Authority
- 24. "e-Contribution Award 2016/2017"
Mandatory Provident Fund Schemes Authority
- 25. "Support for MPF Management Award 2016/2017"
Mandatory Provident Fund Schemes Authority

Stakeholder Engagement Process and Results (GRI 102-40, GRI 102-42 to 102-44)

We value regular, honest, and open dialogue with our stakeholders. Stakeholder views have directly affected our CSR strategy, and helped us to identify the economic, environmental, and social issues that we need to manage and report on.

In daily operations, our people build strong relationships with customers, investors, regulators, and the wider

community through meetings, events, newsletters, and other communications channels. Regular engagement allows us to respond quickly to stakeholder needs and market developments, effectively manage risks and seize opportunities to create value for our business and the communities in which we operate.

Every year since 2013, we have also systematically engaged stakeholders across our business and countries of operation specifically for the purpose of reviewing our CSR performance and material issues. An independent third party is commissioned to facilitate focus groups and interviews to ensure participants can speak freely.

In 2017, we engaged back-office staff of the Group, as well as representatives from suppliers, community partners, academia and customers. Individuals invited to participate in the engagement exercise had not previously been engaged, and were selected for their familiarity with the Bank's business and/or sustainability topics. Feedback from this stakeholder engagement exercise has been used for the content of this report, and will be used to shape our CSR strategy going forward.

THE BEA GROUP'S KEY STAKEHOLDERS



Customers



Employees



Investors



Government and regulators



Industry associations



Suppliers



Community partners

Responding to Stakeholder Feedback

Year	Stakeholder Groups Engaged	Issues raised	BEA Group Response/ Actions
2017	<ul style="list-style-type: none"> Employees (back-office staff) Representatives from academia, suppliers, community partners and customers 	<ul style="list-style-type: none"> For BEA's transition to digital branches, stakeholders expected BEA to demonstrate a clear strategic direction, and provide more support for elderly customers and customers living in remote areas, and more resources to improve workflow efficiency and streamline procedures internally to support back-office staff. Stakeholders hope that BEA can continuously improve ESG reporting as a communication tool with stakeholders, and further integrate CSR into BEA's business strategy and daily operations. Stakeholders raised concerns about relatively high staff turnover rate among junior staff and improve two-way communication between employees and management. 	<ul style="list-style-type: none"> BEA has communicated its digital branch model externally through its CSR reports, annual report, press releases, etc. Service ambassadors have been stationed at branches on a rotating basis to help customers, particularly elderly customers, adapt to the new services. BEA continues to identify gaps in its ESG reporting and performances and strives to close them. BEA has implemented a strategy to reduce turnover among junior staff and managed to achieve a slight decrease of 3% in 2017, year on year.

Collective Bargaining Agreements (GRI 102-41)

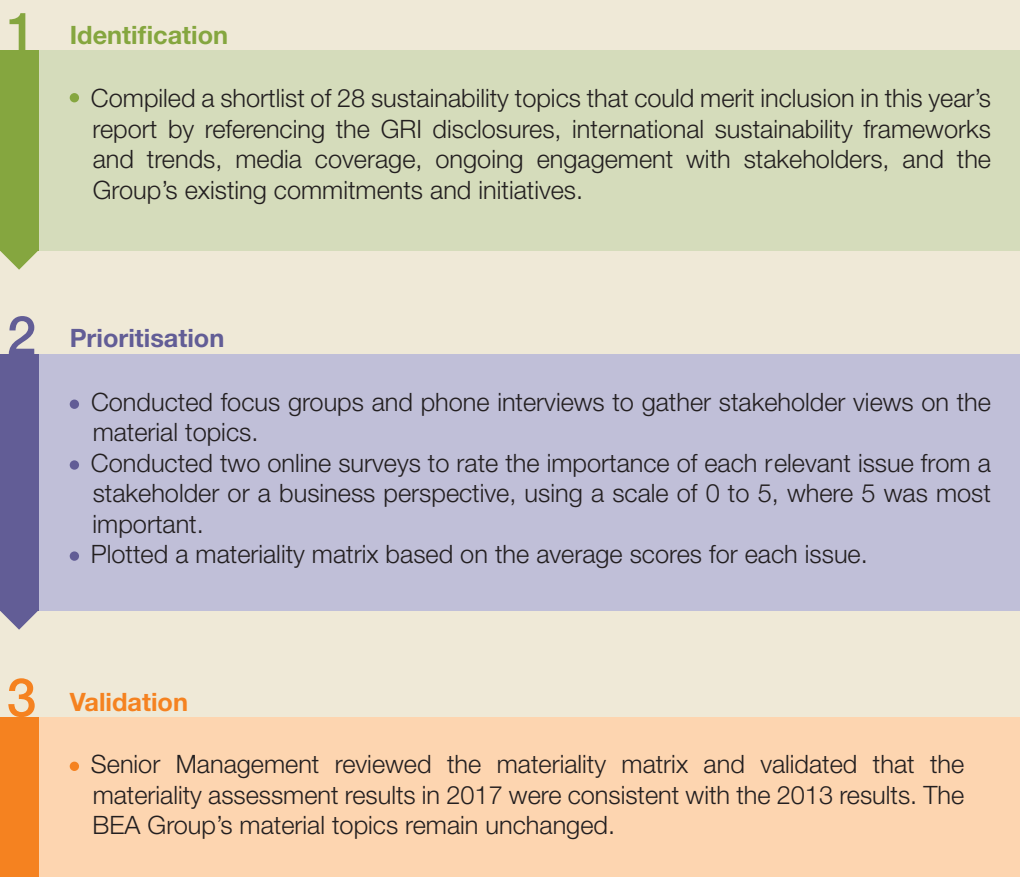
The majority of the Group's employees are located in Hong Kong and the rest of Greater China, where there are no collective bargaining arrangements. In Singapore, 26% of BEA's employees are covered by collective bargaining agreements.

We maintain clear and open grievance channels for employees to raise concerns.

Materiality Assessment (GRI 102-46)

In preparation for this report, we undertook a comprehensive materiality assessment in 2017 and engaged a total of 130 internal and external stakeholders. Our material topics represent the most significant economic, environmental and social impacts of our business, and the issues that are of most interest or concern to our stakeholders.

Materiality Assessment Process



Materiality Matrix (GRI 102-47)

BEA MATERIALITY MATRIX



Business

- Economic value generated and distributed
- General compliance with laws and regulations
- Sustainable procurement that integrates environmental and social considerations into the procurement process
- Anti-corruption
- Integrating ESG considerations into financing decisions
- Integrating ESG considerations into risk assessment



Environmental

- Energy consumption
- Water consumption
- Paper consumption and waste
- Biodiversity
- Greenhouse gas emissions
- Use of materials



Employees

- Employee benefits and turnover rates
- Promoting equal opportunities
- Grievance mechanisms
- Communication between employees and management
- Occupational health and safety
- Training and career development
- Succession planning



Society

- Providing access to financial services for marginalised groups
- Contribution to the community
- Anti-competitive behaviour
- Non-discrimination



Customers

- Customer feedback
- Customer data privacy
- Promoting financial literacy
- Fair design and marketing of products and services
- Customer health and safety

Restatements of Information (GRI 102-48)

Environmental data for 2016 has been restated. Data has been recalculated to exclude BEA Rural Bank and Credit Gain.

Changes in Scope and Aspect Boundaries (GRI 102-49)

BEA Rural Bank was sold in May 2017 Credit Gain was excluded from the scope of our business and CSR performance as the sale of Credit Gain's Hong Kong loan portfolio was completed in December 2017. They are no longer included in the report scope.

Aspect Boundary (GRI 103-1)

To further focus our strategy, we have mapped where the most significant impact of each material issue is located along our value chain. A tick indicates that the material issue is relevant for that stakeholder group.

Material topics ¹³	Impact within the Group	Impact outside of the Group			
		Investors	Suppliers	Customers	Wider community and ecosystems
1 Customer data privacy	✓	✓		✓	✓
2 General compliance with laws and regulations	✓	✓		✓	
3 Customer feedback channels	✓	✓		✓	
4 Fair design and marketing of products and services	✓	✓		✓	
5 Economic value generated and distributed	✓	✓	✓	✓	✓
6 Employee benefits and turnover	✓	✓			
7 Communication between employees and management	✓	✓		✓	
8 Training and career development	✓	✓		✓	
9 Occupational Health and Safety	✓	✓	✓	✓	✓
10 Equal opportunities	✓	✓			✓
11 Anti-corruption	✓	✓	✓	✓	✓
12 Non-discrimination	✓	✓		✓	✓
13 Contribution to the community	✓	✓		✓	✓
14 Energy consumption	✓	✓	✓		✓
15 Paper consumption and waste	✓	✓	✓	✓	✓

Please refer to our [GRI Content Index](#) for more information about our material aspects and associated disclosures.

¹³ Compared with the list of material topics in 2016, "Compliance of products and services" and "General compliance" were combined and renamed as "General compliance with laws and regulations"; "Grievance mechanisms" was no longer on the shortlist for this year's materiality assessment, as it was one approach to managing sustainability topics to reflect requirements from GRI Standards.

Topic-specific disclosures

Environmental

Emissions (HKEX A1)

The Group's Environmental Policy is our commitment to managing the environmental impacts of our business. We strive to comply with all relevant laws and regulations, including environmental protection legislation, in all locations where we operate. Blue Care complies with all relevant laws and regulations regarding proper disposal of medical waste.

Paper is one of the main constituents of the waste generated by our business. The Group's Environmental Policy states our commitment to reducing paper consumption and waste, increasing recycling in our offices.

Air and greenhouse gas emissions are also covered by the Policy. The Group does not have a material impact on air emissions, however, we continued to collect and analyse air emissions data for our Hong Kong operations this year.

Use of Resources (HKEX A2)

As stated in the Group's Environmental Policy, we strive to reduce our consumption of energy, paper, water, and other resources throughout our operations. We also continue to leverage technology use among employees, customers, and shareholders to move towards efficient paperless systems.

The Environment and Natural Resources (HKEX A3)

As stated in our Environmental Policy, the Group is committed to managing its direct impacts on the environment. We will explore the integration and consideration of a number of environmental criteria into our business decisions and the services that we provide.

Social

Employment (HKEX B1)

The Group complies with all applicable laws and regulations related to employment. The Bank has a Code of Conduct and Staff Handbook, which clearly explains our commitment to non-discrimination and equal opportunities.

Health and Safety (HKEX B2)

The Group complies with all applicable laws and regulations related to health and safety. We have an internal Occupation Safety and Health Manual that is applied across the entire Group. Occupational health and safety training is delivered to all new joiners during staff induction and targeted campaigns on specific issues such as precautionary measures for Middle East Respiratory Syndrome are conducted as needed. The Bank has appointed a Corporate Safety Officer who is responsible for managing occupational health and safety issues, delivering training and conducting annual inspections of our premises.

Development and Training (HKEX B3)

The following branches and subsidiaries have an employee training and development policy:

- BEA's branches in Singapore, and the UK; BEA China, BEA Life, and Blue Cross

Labour Standards (HKEX B4)

The Group respects the Universal Declaration of Human Rights and prohibits child and forced labour in its operations and supply chain. The Group has a Slavery and Human Trafficking Statement, available on our website.

Product Responsibility (HKEX B6)

Customer focus is a core value of the Group. We have various policies and guidelines to ensure customer satisfaction and protect their personal data. The Bank has a General Guideline on Personal Data Protection which is referenced by other Group members. In addition, policies to protect customer data include:

1. Information Security Policy
2. Staff Code of Conduct

The Bank fully complies with the Hong Kong's Personal Data (Privacy) Ordinance. Each year, all staff members are required to successfully complete a refresher course on personal data protection. BEA's Group Chief Compliance Officer also serves as Group Data Protection Officer. Other Group members make reference to the Bank's approach to develop their own personal data protection policies and procedures.

General Compliance (GRI 419)

To address the growing regulatory requirements and enhance the “Three-Lines of Defence” model, the Compliance Division is charged with overseeing and mitigating the compliance risks for the Group, communicating new regulatory requirements to affected units, delivering compliance advice for the implementation of relevant regulations, conducting regulatory compliance reviews on a risk-based approach, and regularly reporting compliance matters to the Senior Management. The Internal Audit Division independently assesses the design and operating effectiveness of the Group’s risk management framework and internal control processes, and has a direct reporting line to the Audit Committee.

Anti-corruption (HKEX B7)

BEA’s anti-corruption policies are clearly communicated to all staff members in the Bank’s Code of Conduct, which is available via BEA’s intranet. All employees are required to review the Code of Conduct on an annual basis, and sign to acknowledge that they understand and agree to the Code. Refresher training is periodically arranged to ensure that all Group employees are aware of the Group’s zero-tolerance position on fraud, money laundering, and corruption. BEA’s subsidiaries and joint ventures have similar policies that are in line with the Bank’s stipulations and values.

The Group Policy on Anti-Money Laundering and Counter-Terrorist Financing (the “AML Policy”) provides guidance on meeting the customer due diligence and record-keeping requirements under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance. It is mandatory for all Group Members to comply with the AML Policy to the extent permitted by local laws. Relevant guidelines relating to anti-money laundering and counter-terrorist financing are developed by the Bank to provide detailed guidance and assist Group Members in understanding, implementing, and complying with the AML Policy. In 2017, we revised our AML Policy and guidelines to address changes in regulatory requirements such as the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017, which took effect in early 2018. This AML Policy and guidelines are available to staff members via the BEA intranet.

Community Engagement (HKEX B8)

In 2015, BEA launched the Community Investment Guidelines to ensure Group support for charitable causes is in line with its CSR Policy. We regularly engage with local communities in all our locations of operation through our volunteer teams and community investment initiatives.

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